RETURN

(76)

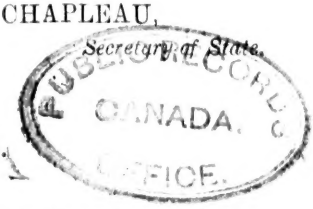
To an ADDRESS of the SENATE, dated the 27th March, 1888:—For a copy of the proceedings of the Colonial Conference at London, in 1887, so far as they relate to Imperial postal and telegraphic communications through Canada, together with any correspondence between the Imperial authorities and the Dominion Government, or any of its Departments, on that subject, since the date of the Conference.

By Command.

J. A. CHAPLEAU,

Secretary of State.

OTTAWA, 18th May, 1888.



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THE COLONIAL CONFERENCE, 1887.

I.

Extracts.—Circular of the Colonial Minister.

DOWNING STREET, 25th November, 1886.

MY LORD, SIR:

You will no doubt have remarked that in the Queen's speech on the prorogation of Parliament, Her Majesty was pleased to refer to Her Colonial and Indian Possessions in the following terms:—"I have observed with much satisfaction the interest which, "in an increasing degree, is evinced by the people of this country in the welfare of "their Colonial and Indian fellow subjects; and I am led to the conviction that there "is on all sides a growing desire to draw closer in every practicable way the bonds "which unite the various portions of the Empire. I have authorized communications "to be entered into with the principal Colonial Governments with a view to the fuller "consideration of matters of common interest."

2. The communications thus promised with the Colonies have engaged the careful consideration of Her Majesty's Government, and they have come to the conclusion that the Queen should be advised to summon a conference, to meet in London in the early part of next year, at which representatives of the principal Colonial Governments will be invited to attend for the discussion of those questions which appear more particularly to demand attention at the present time. I request you to inform your Ministers of this proposal, which I am confident will be very satisfactory to them, and to express the hope which I entertain of their cordial co-operation.

* * * * * *

5. Second only in importance to this great question is one concerning in a special degree the interests of the Empire in time of peace. The promotion of commercial and social relations by the development of our postal and telegraphic communications could be considered with much advantage by the proposed conference. It is a subject the conditions of which are constantly changing. New requirements come into existence, and new projects are formulated, every year. It is obviously desirable that the question of Imperial intercommunication should be considered as a whole, in order that the needs of every part of the Empire may, as far as practicable, be provided for, and that suggestions may be obtained from all quarters as to the best means of establishing a complete system of communications without that increased expenditure which necessarily results from isolated action.

* * * * * *

8. I will only add, in conclusion, that I am confident that your Government will, as I do, feel deep interest in this first attempt to bring all parts of Her Majesty's Empire into joint deliberation. However modest the commencement may be, results may grow out of it affecting, in a degree which it is at present difficult to appreciate, the interests of the Empire and of the civilized world.

I have, &c.,

EDWARD STANHOPE.

To the Governors of Colonies under Responsible Government.

COLONIAL CONFERENCE—1887.

I.

(Extract)—Circular.

DOWNING STREET, 23rd July, 1887.

MY LORD,—I have the honor to transmit to you the report of the proceedings of the recent Colonial Conference, together with copies of papers which were laid before it.

* * * * * *

Several subjects relating to the improvement of postal and telegraphic communication between the colonies and the mother country also engaged the careful consideration of the Conference.

The three postal questions to which I invited attention were (1) the scheme for an Imperial penny postage; (2) the question of the Australasian and South African Colonies joining the Postal Union; (3) the renewal of the arrangements for carrying the mails to Australia.

* * * * * *

The third question, which more immediately concerned the three colonial Governments who have undertaken to provide the subsidy, was only partially discussed, as the negotiations were already far advanced. Several representatives, however, expressed a decided opinion in favor of the resumption of a cheaper supplementary service by sea only; and it was further urged that negotiations should be entered into with the French and Italian Governments for the reduction of the present transit rates.

The important proposals of the Canadian Pacific Railway Company for a service of powerful steamers between Vancouver and Hong Kong, by way of Japan, was not discussed at length in the Conference, being already under the consideration of Her Majesty's Government. Attention was, however, called by the Canadian representatives to this scheme, as well as to that for establishing a line of steamers from Vancouver to Australia, and it was stated that the mails could be carried to Australian and Asiatic ports in considerably less time, and at less cost, by these Pacific routes than at present.

In connection with the subject of telegraphic communication, the proposal of an alternative line to Australia was prominently brought forward. The colonial representatives were of opinion that their Governments would not, unless the Imperial Government also contributed, be willing to subsidize another company in addition to the Eastern Extension Telegraph Company; and on behalf of the Imperial post office, it was stated that the question of such a subsidy could not be entertained by that department. While, therefore, I expressed my willingness to bring before Her Majesty's Government the wishes of the members of the Conference that a line might be constructed for military purposes, to be exclusively controlled by the Government, I could not hold out any hope that such a scheme would be favorably received.

Two alternative routes were suggested, one by way of the Cape of Good Hope, and the other from Vancouver. The latter was warmly advocated by the representatives of the Dominion of Canada, as being a route deserving to be placed in competition with the existing line in point of speed, convenience and economy, and as possessing the additional advantage of passing entirely over British territory by means of the Canadian Pacific Railway which has recently been brought to a successful completion. The Conference expressed their admiration at the energy and enterprise shown in carrying out that great undertaking, and marked their sense of the Imperial importance of the connecting link thus established by their ready assent to the two propositions submitted by Sir Alexander Campbell on this subject on the 6th of May. On the other hand, proposals were submitted on behalf of the Eastern Extension Telegraph Company for a reduction of the telegraph rates upon the condition of a guarantee from the Colonial Governments.

* * * * * *

H. T. HOLLAND.

COLONIAL CONFERENCE, 1887.

III.—1.

MINUTES OF PROCEEDINGS, Monday, April 4, 1887.

Present:

The Right Hon. Sir Henry Thurstan Holland, Bart., G.C.M.G., M.P., Secretary of State for the Colonies, President.
The Marquis of Salisbury, K.G., Prime Minister.
The Earl Cadogan, Lord Privy Seal.
The Right Hon. W. H. Smith, M.P., First Lord of the Treasury.
The Right Hon. Edward Stanhope, M.P., Secretary of State for War.
The Right Hon. Lord George Hamilton, M.P., First Lord of the Admiralty.
The Viscount Cross, G.C.B., Secretary of State for India.
The Lord Stanley of Preston, G.C.B., President of the Board of Trade.
The Right Hon. H. C. Raikes, M.P., Postmaster General.
The Earl of Onslow, Under-Secretary of State for the Colonies.
The Right Hon. Sir James Fergusson, Bart., G.C.S.I., M.P., Under-Secretary of State for Foreign Affairs.

Representatives:—

Newfoundland:—
Mr. Robert Thorburn, Premier.
Sir Ambrose Shea, K.C.M.G.

Canada:—
Sir Alexander Campbell, K.C.M.G., Lieutenant Governor of Ontario.
Mr. Sandford Fleming, C.M.G.

New South Wales:—
Sir Patrick Jennings, K.C.M.G., late Premier.
Mr. Robert Wisdom, formerly Attorney General.
Sir Saul Samuel, K.C.M.G., C.B., Agent General.

Tasmania:—
Mr. John Stockell Dodds, late Attorney General.
Mr. Adye Douglas, Agent-General.

Cape of Good Hope:—
Mr. Thomas Upington, Attorney General.
Mr. Jan. Hendrick Hofmeyer.
Sir Charles Mills, K.C.M.G., C.B., Agent General.

South Australia:—
Mr. John William Downer, Premier.
Sir Arthur Blyth, K.C.M.G., C.B., Agent General.

New Zealand:—
Sir Francis Dillon Bell, K.C.M.G., C.B., Agent General.
Sir William Fitzherbert, K.C.M.G., Speaker of the Legislative Council.

Victoria:—
Mr. Alfred Deakin, Chief Secretary.
Mr. James Lorimer, Minister of Defence.
Sir Graham Berry, K.C.M.G., Agent-General.
Mr. James Service, late Premier.

Queensland:—
Sir Samuel Griffith, K.C.M.G., Q.C., Premier.
Sir James Garrick, K.C.M.G., Q.C., Agent General.

Western Australia:—
Mr. John Forrest, C.M.G., Commissioner of Crown Lands.
Mr. Septimus Burt.

Natal:—
Mr. John Robinson.

The following were also invited to attend the opening meeting.

Gentlemen connected with Crown Colonies nominated by the Governors, or invited by the Secretary of State:—

Barbadoes:—
Sir Charles Packer.

Bermuda:—
Lieutenant General Sir J. H. Lefroy, K.C.M.G., C.B.

Bahamas:—
Sir Augustus J. Adderley, K.C.M.G.,

Leward Islands:—
Mr. R. Hankey.

Jamaica:—
Mr. C. Washington Eves

Gold Coast:—
Mr. Francis Swanzy.

Lagos:—
Captain Alfred Moloney, C.M.G.
Rev. J. Johnson.

Gibraltar:—
General Sir John Miller Adye, G.C.B.

Windward Islands:—
Sir George H. Chambers.

British Honduras:—
Mr. Roger T. Goldsworthy, C.M.G.

Sierra Leone:—
Sir Samuel Rowe, K.C.M.G.
Captain F. Craigie Halkett.

Gambia:—
Mr. V. S. Gouldsbury, M.D., C.M.G.

Ceylon:—
The Right Hon. Sir William H. Gregory, K.C.M.G.
Mr. George T. M. O'Brien.

Trinidad:—
Mr. A. P. Marryatt.

Malta:—
General Sir John Lintorn Simmons, G. C. B.
Dr. Guiseppe, Carbone, LL.D.
Count Strickland Della Catena

British Guiana:—
Mr. J. E. Tinné.

Mauritius:—
Sir John Pope Hennessy, K.C.M.G.
Mr. Frederick Condé Williams.
Mr. William Newton.

Falkland Islands:—
Lieutenant Colonel H. Cautley, R.E.

Hong Kong:—
The Right Hon. Sir George Ferguson Bowen, G.C.M.G.
Mr. W. Keswick.

Straits Settlements:—
Lieutenant General Sir Andrew Clarke, R.E., G.C.M.G.
Mr. J. Anderson.
Mr. Paul F. Tidman.

Native States:—
Mr. Frank A. Swettenham, C.M.G.

Fiji:—
Mr. James E. Mason, C.M.G.

Cyprus:—
Major General Sir Robert Biddulph, G.C.M.G., C.B.
The Duke of Manchester, K. P., Chairman of the Council of the Royal Colonial Institute.
The Marquis of Normanby, G.C.B, G.C.M.G., late Governor of Victoria.
The Marquis of Lorne, K.T., late Governor General of Canada.
The Marquis of Hartington, M.P.
The Earl of Belmore, K.C.M.G., late Governor of New South Wales.
Lord Augustus Loftus, G.C.B., late Governor of New South Wales.
The Right Hon. Sir John Rose, Bart., G.C.M.G.
Sir Henry Barkly, G.C.M.G, late Governor of the Cape of Good Hope.
Sir Alexander Galt, G.C.M.G., late High Commissioner for Canada.
Sir William C. Sargeaunt, K.C.M.G., Crown Agent for the Colonies.
Captain G. S. Clarke, R. E., Secretary to the Colonial Defence Committee, 1885.
Mr. N. Lubbock, Chairman of the West India Committee.
Mr. J. G. Colmer, in charge of the Office of the High Commissioner for Canada.
The Duke of Buckingham, G.C.S.I.
The Earl of Derby, K.G.
The Earl of Carnarvon.
The Earl of Dunraven, K.P.
The Earl Granville, K.G.
The Earl of Kimberley, K.G.
The Lord Brabourne.
The Lord Monkswell.
The Lord Thring, K.C.B.
Commander Bethell, M.P.
The Right Hon. H. Childers, M.P.
Sir D. Currie, K.C.M.G., M.P.
Dr. Clark, M.P.
Captain Colomb, M.P.
Sir W. Crossman, K.C.M.G., M.P.
Mr. L. Courtney, M.P.
Mr. L. Dillwyn, M. P.
Sir R. Fowler, Bart., M.P.
Sir J. Gorst, M.P.
Mr. Henniker Heaton, M.P.
Hon. W. James, M.P.
Sir J. H. Kennaway, Bart., M.P.
Mr. H. Kimber, M.P.
Sir John Lubbock, Bart., M.P.
Lord Lymington, M.P.
Mr. A. McArthur, M.P.
The Right Hon. G. Osborne Morgan, M.P.
Mr. O. V. Morgan, M. P.
Mr. G. Baden-Powell, C.M.G., M.P.
Mr. H. Seton-Karr, M.P.
Mr. C. Howard Vincent, C.B., M.P.
Sir S. Wilson, M.P.
Mr. E. R. Wodehouse, M.P.
The Hon. E. Ashley.
Sir T. F. Buxton, Bart.
Mr. John Pender
Mr. A. H. Loring.
Mr. Kinloch Cooke.
Mr. Frederick Young.

MR. W. A. BAILLIE HAMILTON, *Secretary to the Conference.*

MR. H. W. JUST.
THE MARQUIS OF CARMARTHEN. } *Assistant Secretaries to the Conference.*

OPENING ADDRESS OF THE PRESIDENT.

(*Extracts.*)

Sir HENRY HOLLAND. My Lords and Gentlemen, I must in the first place express, however imperfectly, what I feel sure is the sense of the meeting, and thank Lord Salisbury most cordially for his kind words of welcome; for his expressions of hope for the success of this, the first Colonial Conference; and for the wise and statesmanlike remarks which he has made bearing upon the relations of the mother country and the colonies, when questions of an international character, and questions of Imperial foreign policy arise. With every desire to support, there must be every desire on the part of this country, and of the Government for the time being of this country, to uphold to the full the interests and rights of the colonies; but none of us can doubt that it may be necessary at certain times, in certain emergencies, and for reasons of Imperial policy, to call upon a colony for the general good of the Empire to make, as the mother country may have to make, some concession, or to forego some object which it may have desired to attain.

The considerations thus referred to by Lord Salisbury will, I feel sure, have due weight with us in our discussions at this Conference.

Many plans have been devised, many suggestions made, for fitting memorials of Her Majesty's Jubilee year: *quot homines tot sententiæ*. In this country we have heard of an Imperial Institute, a Church House, hospitals, free libraries, and so forth. But I assert, without fear of contradiction, that the assembling together in this country of leading colonial statesmen and representatives of Greater Britain, to discuss matters of Imperial interest affecting alike the mother country and the colonies, is the fittest of all memorials. I can take no credit for this. The credit must be shared by Mr. Stanhope and Lord Salisbury of initiating the Conference, but I should be sorry not to recognize in the fullest manner the credit due to the Colonial Governments for giving a ready and loyal assent to the scheme, and for their efforts to make it a success.

And with reference to this celebration of the Jubilee year, it is impossible for me to refrain from pointing out in a few words, and with very few figures, the extraordinary upward progress which the Empire has made in the last fifty years, especially in the case of the great colonies whose representatives I am now happy to see before us.

Take the case of Canada:

In 1837 there were the two provinces of Upper and Lower Canada. These were united in 1840, and responsible government was granted. In 1867 came the creation of the Dominion by federation of Canada, Nova Scotia, New Brunswick, soon to be joined by British Columbia, and later on by Prince Edward Island.

It is unnecessary, I am sure, to point out what weight and dignity have been added to the Empire by the creation of this great and flourishing Dominion, increased as it has since been by the addition of the vast North-Western territory, through which now runs that remarkable achievement of British enterprise, the railway which has bound together the Atlantic and Pacific shores of the Dominion.

* * * * * *

The next subject marked out for consideration is the promotion of commercial and social relations by the development of our postal and telegraphic communication. "It is a subject," and here again I quote from my predecessor in office, "the conditions of which are constantly changing, new requirements come into existence, and new projects are formulated every year."

It is obviously desirable that the question of Imperial intercommunication should be considered as a whole, in order that the needs of every part of the Empire may, as far as practicable, be provided for, and that suggestions may be obtained from all quarters as to the best means of establishing a complete system of communications without that increased expenditure which necessarily results from isolated action.

I will first refer to the postal schemes which it may be thought desirable to discuss.

* * * * * *

With respect to telegraphic communication, I would point out in the first place the extraordinary growth of submarine telegraphy, to which Mr. Pender called my attention in a letter of 28th January. He there says:—

"Submarine telegraphy is of quite modern growth. Twenty years ago there were about 2,000 miles of cable laid, chiefly in the channel, and some of the earlier submarine cables that were laid were unfortunately so badly constructed, that they were useless for work. I might quote as an instance the old Red Sea cable.

"Science has now, however, aided so greatly in the manufacture of cables, that they can at the present time be laid with comparatively little risk of breakage and with an almost certainty of efficient repair. These facts account for the rapid growth of the submarine telegraph system, which now embraces 107,000 miles, at a cost of something like thirty-seven millions sterling.

"I may mention as a contrast, and to give an idea of the importance of this system, that the whole length of the land lines now in existence in the world is some 1,750,000 miles, which represent an estimated cost of £52,000,000.

"The submarine cable system is, with the exception of some 7,000 miles, entirely under British control, and has been the result of private enterprise."

I must add that I concur entirely in his observations that, "The value of the submarine system as it is now controlled, under British management, it is impossible to over-rate, either from a political or commercial point of view. In regard to our enormous commerce and its relation to the movements of our great mercantile marine, both the one and the other are more or less controlled and influenced by our marine system. The economy in the working of ships is very great indeed; and in commercial transactions there are few of any magnitude which do not involve the forwarding and receiving of telegraphic messages.

"These circumstances show that it is of great importance that the control of the telegraphs should be, as far as possible, in British hands; while it is of equal importance that the tariffs should be as low as it is possible to make them."

I will now direct attention to a proposal to connect Canada and Australia by cable upon which subject papers will be circulated to you.

The question of connecting Australia with Canada by cable, and so affording an alternative means of communication beyond those supplied by the Eastern Extension Telegraph, has been from time to time mentioned in connection with the Canadian Pacific Railway, but it was first brought formally to the notice of Her Majesty's Government on the 29th of July, 1886, by a letter from the High Commissioner for Canada. This letter, together with a report by the Superintendent of Electric Telegraphs, New South Wales, dated the 31st of March, 1886, will be found among the papers I am about to lay before you.

The scheme is opposed by the companies which own the existing telegraph lines communicating with Australia, and on the 28th of January of this year I received from Mr. Pender a letter enclosing copies of letters and memoranda, which will also be found among the papers, suggesting that a reduction of the existing tariff charges might be effected upon a guarantee from the colonies. The promoters' scheme alluded to by Mr. Pender has not been communicated to Her Majesty's Government, and his own figures appear to be but a very rough estimate. They furnish, however, the only information I possess upon the matter.

A very strong case would have to be made out to justify Her Majesty's Government in proposing to Parliament to provide a subsidy for maintaining a cable in competition with a telegraphic system which at any rate supplies the actual needs of the Imperial Government.

I fear that at the present stage I can only invite the Australasian and Canadian members of the Conference to favor Her Majesty's Government with their views generally upon the scheme for laying a cable across the Pacific from Vancouver to some point in one of the Australasian colonies.

The Australasian representatives will perhaps further consider, and favor Her Majesty's Government with their views upon the general proposal to have a reduction of existing tariff charges under a guarantee from the colonies.

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III.—2.

TUESDAY, 19th April, 1887.

Present :

The Right Hon. Sir Henry Thurstan Holland, Bart., G.C.M.G., M.P., Secretary of State for the Colonies, President.
The Right Hon. Henry Cecil Raikes, M.P., Postmaster General.
The Right Hon. The Earl of Onslow, Under Secretary of State for the Colonies.
Mr. John Bramston, C.B., Assistant Under Secretary of State for the Colonies.
Mr. Stevenson A. Blackwood, C.B., Secretary of the Post Office.
Mr. E. H. Rea, Assistant Secretary of the Foreign and Colonial Departments of the Post Office.

Representatives:—

Newfoundland:—
Sir Ambrose Shea, K.C.M.G.

Canada:—
Sir Alexander Campbell, K.C.M.G., Lieutenant Governor of Ontario.
Mr Sandford Fleming, C.M.G.

New South Wales:—
Sir Patrick Jennings, K.C.M.G., late Premier.
Sir Robert Wisdom, K.C.M.G., formerly Attorney General.
Sir Saul Samuel, K.C.M.G., C.B., Agent General.

Tasmania:—
Mr. J. S. Dodds, late Attorney General.
Mr. Adye Douglas, Agent General.

Cape of Good Hope:—
Sir Thomas Upington, K.C.M.G., Attorney General.
Mr. J. H. Hofmeyr.

South Australia:—
Sir J. W. Downer, K.C.M.G., Q.C., Premier.
Sir Arthur Blyth, K.C.M.G., C.B., Agent General.

New Zealand:—
Sir F. Dillon Bell, K.C.M.G., C.B., Agent General.
Sir William Fitzherbert, K.C.M.G., Speaker of the Legislative Council.

Victoria:—
Mr. Alfred Deakin, Chief Secretary.
Sir James Lorimer, K.C.M.G., Minister of Defence.
Sir Graham Berry, K.C.M.G., Agent General.
Mr. James Service, late Premier.

Queensland:—
Sir Samuel Walker Griffith, K.C.M.G., Q.C., Premier.
Sir James Garrick, K.C.M.G., Q.C., Agent General.

Western Australia:—
Mr. John Forrest, C.M.G., Commissioner of Crown Lands.
Mr. Septimus Burt.

Natal:—
Mr. John Robinson.

Mr. W. A. Baillie-Hamilton, Secretary to the Conference.

The PRESIDENT. Before we begin upon the question of postal communication, perhaps I may mention that Lord Salisbury will attend as representing the Foreign

Office (not as Prime Minister) upon the discussion on the New Hebrides and Samoa. (Hear, hear.) I should be sorry to have to keep him waiting in the next room till we had finished the question of Australian naval defence. I thought, therefore, that if we took the naval defence the first thing on Monday, and afterwards New Guinea, and then began on Tuesday at twelve o'clock with the New Hebrides, Lord Salisbury would be present at the beginning of the discussion, and we should not have any trouble about keeping him waiting, and should not hurry our other business. (Hear, hear.)

Gentlemen, I am afraid that I must make one admission at the beginning of this postal discussion, that owing to rather protracted sittings in the House of Commons, I have not had that opportunity of looking thoroughly into the question that I should have wished for; but there seem to me to be three questions which will require discussion.

The first is the question of the Imperial penny postage. * * *

The second, and, if I may venture to say so, the more important question, is the question whether the colonies which are now outside the Postal Union would see their way after discussion to join in that Postal Union. * * * *

The third question is the negotiation which is at present going on as regards the mails to the Australian Colonies. I understand that it is the desire of the delegates that that question should be brought before the Conference and discussed. * * *

These, gentlemen, are the three questions that will have to be discussed, and subject to any suggestions which may be made by the members of the Conference, we may probably best discuss them in that order, if that is the view of the delegates (hear, hear), beginning first with the question of Imperial penny postage. Perhaps the Postmaster General would favor us with a few observations upon that point.

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Sir ALEXANDER CAMPBELL. Mr. Raikes pointed out three alternative methods of going to the East, but he said nothing of going through Canada and having a service from Vancouver. That we think a cheaper way than any that he has pointed out, and a safer way, being over the ocean, over which England may be said to be mistress, and across our own country, Canada. We are here from Canada more with reference to that particular topic than to any other topic which has yet been discussed; and I hope that that has not been purposely omitted, but that Mr. Raikes has also considered the advantages and disadvantages of a mail route over the Pacific Railway, and a steam service from Vancouver on the Pacific coast to the East. We are told by the Canadian Pacific Railway Company that they can give a service faster and cheaper in that way to some portions of the continent of Australasia, and also to New Zealand, than the service which is contemplated, and which Mr. Raikes has spoken of. We are told also that that service will be entirely in our own country, and not exposed to a great many of the dangers which the present service is exposed to, and that those services, of which Mr. Raikes has spoken of, are exposed to; and I trust that we shall hear that that is also being considered.

Mr. RAIKES. Perhaps I may say that the question has not been put before us practically as a question of communicating with Australasia with regard to postal matters. I have heard something of a very interesting enterprise, connecting Vancouver with the Australasian Colonies by telegraph; but we had before us some months ago, a scheme for making a postal communication by the Canadian Pacific Railway and Vancouver to China. At that time, at all events, the parties who propounded it were not able to satisfy us that it could for a moment compete in point of time with the service by the Peninsular and Oriental; and I, with great regret (for I entirely appreciate the importance of what Sir Alexander Campbell has said, of the political considerations, which I think are never to be lost sight of), I was obliged, having only a postal conscience in the matter, to say that the scheme proposed by the Peninsular and Oriental was so clearly more rapid, and apparently more regular, that I was not in a position then to recommend the route by the Canadian Pacific. But any question as to the postal route to Australasia by way of Canada and the Canadian Pacific, I can assure the representatives of Canada will be most carefully and fully considered.

Sir ALEXANDER CAMPBELL. Both proposals, I understand, are before the Post Office Department, one to Australasia, and one to China.

Mr. REA. No.

The PRESIDENT The only proposal that I have seen has been the proposal in connection with the communication between Vancouver and Hong Kong.

Sir ALEXANDER CAMPBELL. I know there was that proposal. That we understood was a cheaper and quicker service than could be given by any of the routes that Mr. Raikes speaks of.

Mr. RAIKES That is rather beside this particular question, but I believe that there is at present a prospect of the route to China, *vid* the Canadian Pacific, being so much improved, so far as the water transit of the Pacific is concerned, that that question may assume quite a new aspect; but the matter is not before me as regards Australasia.

The PRESIDENT. It is pretty well known that at least there was a proposal of a very large subsidy for this projected line between Vancouver and China, and that was put aside. Subsequently, a reduced subsidy was asked for, and that also the Imperial Government have not seen their way to granting. Now another proposal has come from Canada in which they propose to contribute something, and that is under consideration. That is as regards the line to China. I have seen no papers as regards any proposed line to Australasia.

Sir ALEXANDER CAMPBELL. Perhaps not, but there was such a proposition, I know, though it may not have been communicated to the Post Office authorities. But the first proposal that you allude to as to the larger subsidy of £100,000 was communicated. We should like to have an opportunity of discussing the reasons why a service of that kind should not be favored, particularly when urged by Canada, considering all the sacrifices which have been made by Canada for the purpose of having a railway across the continent.

The PRESIDENT. I hope you will take this opportunity of discussing the question. It is a great advantage that it should be discussed in the presence of the Australasian delegates.

Sir ALEXANDER CAMPBELL. My friend, Mr. Fleming, who is an engineer, would be quite ready to discuss it if we can do so without seeming to intrude, or to take any undue part in the debate

The PRESIDENT. Not at all. With the leave of the Conference I would now call upon Mr. Fleming to speak upon this particular question, that is to say, as to a projected route by a line of steamers between Vancouver and Australasia.

Mr. SANDFORD FLEMING. Before I commence I must ask your kind indulgence. I am not a practised speaker. I have a short memory, and I have to refer to figures, and to quote authorities; and therefore I thought it best to reduce my views to copious notes, and in that way I think I can best bring what I wish to say before the Conference.

Having given some attention to the question of postal and telegraphic communication, I avail myself of the privilege afforded me of submitting my views to the Conference.

The right honorable the Chairman, in his opening address, suggested that it is desirable to consider Imperial communications as a whole, so as to bring into view a complete system. In the remarks which I now propose to submit I shall endeavor to keep that suggestion prominently in view; although, perhaps, being associated with Canada and more familiar with the thoughts and hopes of the Canadian people, it is not unnatural that I should speak more particularly of the position which the Dominion occupies in relation to the Empire and its needs.

The question cannot be considered without reference to the relative geographical position of the great self-governing Colonies. Those are situated in three distinct continents—America, Africa, and Australasia. According to our ordinary habit of thought, Canada in the western hemisphere and Australasia in the eastern are at opposite ends of the Colonial Empire, and are as far asunder as it is possible on this globe for two countries to be situated. We all know now that this is a mistaken

idea; nevertheless it exists, and it is due greatly to the circumstance that emigration from Europe takes opposite directions to Australasia and to Canada. In consequence of this circumstance the two sets of colonists have been completely separated, and they now find themselves perfectly distinct, without any social or commercial or political intercourse.

There are those in Canada, and, I doubt not, there are those in Australasia, who have taken a somewhat enlarged view of the situation. They have seen that while the emigrant from England to New Zealand traversed 180 degrees of longitude east, and the settler in Western Canada passed over 120 degrees of longitude west; the two are nevertheless not separated by the sum of the two distances. By actual journey they are undoubtedly 300 degrees of longitude from each other, but by actual fact they are only 60 degrees asunder.

True, the sixty degrees of longitude which separate them, when it comes to be measured, is increased in mileage somewhat, owing to another circumstance. But the application of science comes to our aid in connection with this question. If we resort to the agencies of steam and electricity, the people of Australasia and the people of Canada may, for all practical purposes, become neighbors. And why, it may be asked, should they not be neighbors as far as it is possible for art and science to make them? Are they not one in language, in laws, and in loyalty? Have they not substantially the same mission in the outer Empire, and would they not as good neighbors supporting each other, and with their energies directed to a common cause, be of great advantage to each other? Would they not, so united by friendly ties, add strength to the power to which they owe a common and willing allegiance?

If we have discovered ourselves in Canada to be much nearer our sister colonies in Australasia than we ever before supposed, we have also awakened to the knowledge that there is no land between us and Asia, that we look across the Pacific to India, and that to reach the east the true path is to go west.

These facts are recent revelations to many of us, and I ask your indulgence while, as briefly as I can, I relate the leading circumstances which have brought Canada to realize her new position—a position not any longer at the far extremity of the colonial system, but midway between the British Islands on the one hand and her rich colonies and dependencies in the Pacific and Indian Oceans on the other.

I think it will be obvious, from the few facts and dates which I desire to submit to you, that it is in no small degree owing to the benign influence of the Home Government bearing on the people of the Canadian Provinces for many years back that British America has advanced step by step, and that successive administrations have from time to time been enabled to consolidate British interests on the Western Continent. The more recent efforts have succeeded in constructing improved means of communication between remote parts of the country; they have overcome obstacles once deemed insuperable; and their efforts have culminated in establishing across the the widest part of North America a great national railway, destined, we believe, to become an essential factor in the defence and future prosperity of the Empire. (*At this point Sir Alexander Campbell laid a map before the Conference.*)

For a moment I shall refer to the records of history.

In the reign of King William IV, the Home Government, solicitous for the safety of British America, granted £10,000 to be expended on explorations for a railway from the Bay of Fundy to Quebec. The survey was entrusted to Captain Yule of the Royal Engineers. This was in 1836, fifty-one years back.

In 1839, an appropriation was voted by the Imperial Parliament for a military road through New Brunswick, leading to Quebec.

In 1843, the Imperial Government directed further surveys for a military road, having in view the same object.

In 1846, the then Colonial Secretary, Mr. Gladstone, issued instructions to the Royal Engineers to make a survey for a railway from Halifax to Quebec. At this date the Imperial Government was strongly impressed with the importance of this work in a political point of view, as being essential for the military defence of the British American possessions.

Sir John Harvey, in opening the Legislature of Nova Scotia in 1847, spoke of the Halifax and Quebec Railway as being not second to any project which had ever engaged the notice of any Colonial Legislature in any part of the British dominions, and which would "constitute the most important link in that great line of communications which may be destined at no remote period to connect the Atlantic with the Pacific Oceans." I quote the exact prophetic words used by the Queen's representative forty years ago.

A letter from the Colonial Secretary (10th March, 1851) made mention of the strong sense entertained by the British Government of the extreme importance, not only to the colonies directly interested, but to the Empire at large, of providing for the construction of a railway by which a line of communication might be established on British territory.

The Home Government despatched in 1857 a scientific expedition to examine the interior of British North America, extending from the settled portions on the St. Lawrence westerly to the Rocky Mountains, with the view, amongst other things, of finding a route for a great line of communication within British territory to the Pacific coast.

Some years later the Home Government took active steps to arrange with the Hudson Bay Company for the surrender of its territorial rights, and encouraged the then Province of Canada to acquire those rights and assume authority over the vast region occupied only by scattered tribes of Indians.

In 1867 the Imperial Parliament passed an Act by which the several British American Provinces were united and the Dominion of Canada formed. One of the essential conditions was that the confederated Provinces should construct a railway from Halifax to Quebec, the Imperial Government assisting so far as to guarantee the interest on three millions (£3,000,000) of its cost. A further provision of the British North America Act was the entrance of British Columbia into the Confederation and the construction of a railway across the continent to the Pacific coast.

It will be manifest, from this brief reference to historical facts, that there has been a continual solicitude on the part of the Home Government for the maintenance and extension of Imperial interests in North America; that it was deemed of the greatest possible importance to establish the best means of communication—1st, between the fortresses of Halifax and Quebec, separated by 700 miles; and 2nd, between Quebec and the Pacific coast, some 3,100 miles; that Canada, in deference to Imperial wishes and needs, has adopted the policy of establishing these great lines of communication, and that she has steadily pursued that policy step by step until the present time.

It will be borne in mind that the population of Canada is comparatively small, confined for the most part to the older Provinces. This limited population has incurred an enormous expenditure in overcoming obstacles of very great magnitude in opening up for colonization the fertile region recently acquired. She has had no little difficulty and incurred no small outlay in connection with the Indian population; but the greatest and most costly of all her undertakings has been the railway across the continent; and in establishing this undoubtedly great work, she has been impressed with the conviction that she was promoting the general interests of the Empire, and contributing not a little towards its consolidation and defence.

There is now a continuous line of railway from Halifax to the Pacific entirely on British soil. The Pacific Railway was opened for public use last year. Eight months before it was opened for public traffic the last rail was laid; but the last rail had not been laid many days when a consignment of naval stores passed through to the station of the North Pacific fleet from Halifax. The time occupied on the then unfinished railway was seven days and a few hours from tide water of the Atlantic to Esquimalt. Without the railway it would have taken some three months to have sent the same stores in a British bottom to their destination. This one fact must be recognized as of striking significance, as it clearly shows the immense political value of the Canadian railway. This new line practically brings what was once the most remote naval station, in the most distant colony of the Empire, within about two weeks of Portsmouth.

I will not venture to take up your time by dwelling upon the naval and military, the commercial and political importance of the Canadian railway to the Pacific. The highest authorities in England have testified to its value to the whole Empire. I only desire to draw attention to the fact that it is the outcome of a policy initiated by the Home Government, and continually pressed on Canada by the Home Government.

This great Imperial line of communication is the growth of half a century; it has been established by the Canadian people without cost to England. Even the expenditure made by the Home Government on the preliminary surveys for the line between the fortresses of Halifax and Quebec has been refunded. The railway across the continent has involved an expenditure of £48,000,000, of which about £24,000,000, the exact amount being £23,966,000, has been paid by the Government of Canada in subsidies or without prospect of return.

Canada does not ask to be relieved of any of the burdens she has assumed; she brings all her costly works as a contribution to the common defence, and she desires that they may be made available in the most advantageous manner to the Empire.

There are several ways in which the line through Canada may be at once utilized for Imperial purposes. I may mention the following three, viz.:—

1. As a postal and passenger route from England to the Australasian Colonies.
2. As a postal and passenger route from England to Asia.
3. As a telegraph route protected by the British flag from the seat of Government in London to every one of the self-governing Colonies and also to India.

First as a postal route. In your opening address, Sir, you referred to the possibility of reinforcing the navy with fast merchant steamships. You pointed out how desirable it would be in the event of war to have the means of strengthening the fleet by the addition of fast cruisers with armaments ready prepared.

It is suggested that mail lines be established from Vancouver, the western terminus of the Canadian Pacific Railway, and that the ships employed be of a high speed, specially constructed to meet the requirements of the Admiralty with respect to cruisers, and with the most approved accommodation for passengers.

It is obvious that a sufficient number of such ships for the two postal services across the Pacific, available as armed cruisers, would be of immense advantage in any emergency, while at ordinary times they would be actively engaged in the development of commerce.

It is calculated that by powerful steamships of this class, the mails could be carried from England to Australian and Asiatic ports in considerably less time, and at less cost, than they are now conveyed; and it cannot be doubted that the establishment of such lines would develop commercial activity and promote the general interests of the Empire on Pacific waters. It is not necessary to abandon the old postal routes in order to establish the new, but it is important that no time be lost in initiating a service so pregnant with possibilities.

The principle of growth is familiar to all colonists, it is one in which they all have faith, but there is one essential preliminary—there must be a beginning! Seed must be sown! If it be not practicable at once to place on the two routes across the Pacific weekly lines of steamers, let it be so arranged that they will leave at wider intervals. If we cannot have fifty-two departures a year let us have at first twenty-six. Rather begin with a service of first-class steamships, leaving every two weeks, than none at all. There are those in this room who can well remember the time when the service between Europe and America was confined to one line of small steamers, leaving once a fortnight. We all know to what gigantic proportions that service has now grown. May we not confidently look to similar results on the Pacific?

Thus by means of improved lines of postal communication across the Pacific could the Empire take advantage of the facilities offered by Canada. All must admit it to be in every way desirable that commercial and other relations of intimacy should spring up between the great colonies now represented in this room. The establishment of a direct postal service, such as suggested, would plant the germs of

a commerce, which in a few years may develop into a magnitude now little dreamed of. I need scarcely say that the people of Canada would hail with great satisfaction the sympathetic co-operation of the Imperial Government and the Governments of the Australasian Colonies in an effort to call into existence a new field for commercial enterprise, an effort which is well calculated to strengthen British interests and establish British predominance on the Pacific. The question is a practical one of common concern to all, and I feel warranted in saying that although Canada has already, from her own unaided resources, sunk an enormous amount in rendering the new Imperial postal services possible, she will be prepared, as Sir Alexander Campbell will explain to you, still further to render substantial aid.

The PRESIDENT. Am I right in saying that as regards the line from Vancouver to China, it was first proposed to establish a three-weekly service each way, for an annual subsidy of £100,000?

Sir ALEXANDER CAMPBELL. Yes, in cruisers built under the direction of the Admiralty

The PRESIDENT. In all cases the Canadian Government have been prepared to meet that point?

Sir ALEXANDER CAMPBELL. In all cases.

The PRESIDENT. Then there was a question of substituting a fortnightly service upon the same terms for £100,000, the contract to be for ten years from May next.

Sir ALEXANDER CAMPBELL. Yes.

The PRESIDENT. And then from May, 1887, to April, 1888, to perform a provisional monthly service for a subsidy of £60,000.

Sir ALEXANDER CAMPBELL. Of which the Canadian Government were ready to contribute one-fourth, I think.

The PRESIDENT. Not of the £60,000.

Sir ALEXANDER CAMPBELL. I think so; however, I may be wrong.

The PRESIDENT. I do not think that it was put to us so. I think it was put to us that the £60,000 was the subsidy that we were asked for. It was supposed that the Canadian Government would be prepared to contribute even towards this subsidy of £60,000.

Sir ALEXANDER CAMPBELL. Yes, I believe so.

The PRESIDENT. And upon communication with the Canadian Government they declined at last to do so?

Sir ALEXANDER CAMPBELL. I think there is an inaccuracy there. They declined to contribute towards the £100,000, but, finding that there was a hesitation here, they agreed to contribute towards the smaller proportion for the monthly service.

The PRESIDENT. That may be cleared up. I think that at first there was a refusal to contribute even to the £60,000, but that afterwards, and now, the proposition before the Imperial Government is that the Canadian Government should contribute £15,000 of the £60,000, leaving £45,000.

Sir ALEXANDER CAMPBELL. I believe it to be so, but we always refused to contribute towards the £100,000, because we thought that we had contributed to the Canadian Pacific Railway, what had cost us £25,000,000, to the whole system; and therefore, we naturally declined contributing any more. Afterwards, when we found there was a difficulty about it, rather than see the thing drop through, we resolved that we would contribute to this service.

The PRESIDENT. That is as regards the line to China?

Sir ALEXANDER CAMPBELL. Yes, I believe so, subject to correction, not having seen any of the papers.

The PRESIDENT. Mr. Sandford Fleming's observations would apply to the general utility, either of the line to China or of the line to Australia.

Sir ALEXANDER CAMPBELL. Yes; it stands thus, I believe, now. My communication is simply a telegram from Sir John Macdonald, that the Canadian Government would contribute substantially (without naming a sum) towards a service to

Australia, and would contribute £15,000 of the £60,000 which would be necessary to pay for a monthly service from Victoria to China.

Sir SAMUEL GRIFFITH. Would they contribute anything to a service to Australia?

Sir ALEXANDER CAMPBELL. Yes; the amount has not been mentioned but they would contribute a substantial amount towards the Australian service.

The PRESIDENT. We understood that there was some possibility of the Dominion Government contributing to the Pacific steam service, and in March I telegraphed to know whether the Canadian Government were willing to contribute, and the answer was that they were not prepared to do so; and subsequently they signified their readiness to contribute £15,000.

Sir ALEXANDER CAMPBELL. According to me that is a mistake. The telegram was a refusal to contribute to the £100,000. We so understood it.

Mr. RAIKES. Shall we have any more definite form of proposal for a postal service to Australia, *via* the Canadian Pacific?

Sir ALEXANDER CAMPBELL. I thought you had had it, but I will take care that you shall have it.

Mr. RAIKES. I am extremely interested by it, and I shall be glad to have it as soon as possible.

Sir ALEXANDER CAMPBELL. A paper has been given to me this morning which speaks of the tender having been made.

The PRESIDENT. The £60,000 was actually mentioned in the telegram.

Sir ALEXANDER CAMPBELL. I am wrong then; but I had supposed that the refusal related wholly to the £100,000.

The PRESIDENT. Would you read that paper you were speaking of?

Sir ALEXANDER CAMPBELL. It is suggested how the necessary amounts might be divided between the Imperial Government, New Zealand, Australia, and Canada. "Imperial Government. (*a.*) Armed Cruiser Fund—The five vessels would, on account of their speed and construction, be entitled to the same arrangement which exists with the Cunard and White Star Companies. (*b.*) Post Office. The cost of conveying the New Zealand and Australian mails between London and San Francisco, for the present monthly American service amounted, it is understood, in the year 1885–86 to £16,609. It is proposed to include fortnightly delivery of the mails at Fiji." Of course it is a puzzle to us why that should be paid for a service going through the United States, when we can give just as good a service going through our own country. Then the paper goes on—"New Zealand. In 1885, the cost to New Zealand of the Pacific monthly service was stated by the Postmaster-General of the Colony to be as follows:—

	£	s.	d.
Subsidy	29,798	0	4
Bonus to contractors	3,030	6	8
Light dues	663	0	0
Inter-provincial agents, &c	6,796	8	1
Total	40,287	15	1

It is thought that under the proposed Canadian service, New Zealand will secure a fortnightly mail delivery at less cost than is at present paid for a disjointed monthly service, including a subsidy of £5,000 (or whatever smaller amount may be desirable) for the branch service between Auckland and Suva, Fiji. The amount at present paid for this monthly line appears to be £1,690 per annum." It is a long paper going on in that way.

The PRESIDENT. Is there any objection to our having that printed?

Sir ALEXANDER CAMPBELL. You can have it.

The PRESIDENT. I suppose that the proposition has not been made formally to New Zealand?

Sir SAMUEL GRIFFITH. The Australian colonies would like to know about the Canadian Pacific route as a passenger route in the winter time.

Sir ALEXANDER CAMPBELL. It is a very good passenger route in the winter time. You hear stories, of course, of delays by snow, but they are not serious delays. There has been a delay this winter at Monckton, near Halifax, of three or four days; but generally speaking there is less snow on the great distances across the Canadian Pacific than there is near our own home, Halifax and Ottawa.

Sir SAMUEL GRIFFITH. What is the extreme of cold?

Sir ALEXANDER CAMPBELL. The average cold is not very great. They go in good covered cars, and they have stoves in the cars and all that kind of thing. They would experience no hardship whatever; they would go as comfortably as we sit in this room.

Mr. DEAKIN. You do not feel the cold while in the cars?

Sir ALEXANDER CAMPBELL. Not in the least. You might occasionally have a day with 40° or 44° or 46° outside, but only now and then.

Mr. SANDFORD FLEMING. But you can pass over in mid-winter inside the cars in a temperature of 60°; and in summer the heat is certainly not so great as the heat in the Red Sea, but it is pretty warm; you can, while travelling, not only have your dinner and breakfast in the most comfortable way, but you can have your bath if you please.

Sir ALEXANDER CAMPBELL. Mr. Fleming and I—at least, I beg his pardon—I have lived in Canada for the last sixty years, and we do not look as though we had suffered from cold.

Sir AMBROSE SHEA. Passengers are much more likely to suffer from heat in the carriages.

The PRESIDENT. This is certainly a very important paper, and it will be interesting also to the delegates from Australia, because it goes into the advantages that they would reap from this line. We had better have it printed, and then perhaps, Sir Alexander, you would be ready to undergo a little cross-examination at the hands of any of the delegates.

Sir ALEXANDER CAMPBELL. I shall be very happy to do so. Speaking with deference to everybody, I believe that the advantages of the route and the salubrity of the climate, and all of those things that Sir Samuel Griffith alludes to, are not fairly understood. You think that the climate is very much more severe, and that the distances are very much more laborious than is really the case.

Sir PATRICK JENNINGS. What is the total length of the line?

Sir ALEXANDER CAMPBELL. The length of the whole line from Halifax to the Pacific coast is about 4,000 miles.

Sir PATRICK JENNINGS. Is it true that as between the Canadian Pacific line and the United States line less snow falls in the northern latitude than in the southern latitude?

Sir ALEXANDER CAMPBELL. It is so, and here is very strong evidence of it, that cattle can remain out all the winter in Canada, and they cannot remain out in the northern States, which are south of us. Large herds of cattle remain out the whole winter, and get their food by scraping the snow from the grass.

Mr. SANDFORD FLEMING. When the reason is given the fact is easily understood. The altitude of the country is very much greater in the States than with us; we are at a lower level.

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The PRESIDENT. I think that settles the postal question, barring the consideration of Mr. Henniker Heaton's paper when it comes in. We shall proceed to consider the question of telegraphic communication to-morrow. I have had several communications from gentlemen who are very desirous of stating their views to the Conference upon different lines of telegraphs. For instance, Mr. Pender will be very glad to come; and Mr. Finch-Hatton, as regards a cable between Vancouver and Australia. I am not quite sure what the wishes of the delegates are upon that point; whether they would wish to hear a person like Mr. Pender, who no doubt has immense knowledge of telegraphic communication, or to hear a person like Mr. Finch-Hatton, who is the chairman of a proposed new company. We have not very

many papers before us; I do not exactly know what papers have been distributed. There has, I believe, been no other paper distributed, except as to the proposed cable between Canada and Australia. This single paper would not give us very much information, except that there is a letter in it from Mr. Pender attacking the proposal and stating his own views. That being the case, I am afraid we should hardly get full consideration of the question unless we saw Mr. Pender, who has a thorough knowledge of all the different lines. The Conference would not of course desire in any way to be supposed to be favoring one scheme against another. What they would desire is to have the proposals brought before the Conference and to discuss them by examination.

Sir ARTHUR BLYTH. I do not think we should see Mr. Pender without seeing Mr. Finch-Hatton.

The PRESIDENT. I think it is very desirable that they should state their views to the Conference.

Mr. HOFMEYR. I should like them to make a statement, but I should not like to discuss the question before them.

Mr. DEAKIN. Certainly, if you have one you must have the other; but is it not better for this Conference to deal with papers rather than persons?

The PRESIDENT. But I think we should ask them to be here.

Sir F. DILLON BELL. I wish now to ask permission to lay before the Conference a paper by Sir Julius Vogel, who was Postmaster-General in New Zealand, on the general question of telegraphic communication.

The PRESIDENT. I think it is very desirable that you should put that paper in to-morrow, and we will have it printed. On the whole, would you think it desirable that I should communicate with these gentlemen?

Sir JOHN DOWNER. I think you had better not, Sir Henry, though I quite agree that if we have one we should have both; but I think it would be better for us to discuss the matter amongst ourselves, and if we find that it is necessary to have Mr. Pender and Mr. Finch-Hatton afterwards, then we may have them. But I think it would be more in keeping with the manner in which we have been conducting our proceedings, if in the first instance we discussed the question without those gentlemen being present.

The PRESIDENT. I had no idea of those gentlemen coming in to hear the discussion, or to in any way assist in the discussion; but merely that they should be called in at some time or other after we have discussed the matter, for the satisfaction of the delegates, to enable them to ask any questions, and to supplement any information; and that then we should ask those gentlemen to prepare, if they wish it, any further paper.

Mr. DEAKIN. All that I was suggesting was to have a printed paper first; and that only in the event of our not being able to get from the printed paper the information that we desired, we should fall back upon the individuals.

The PRESIDENT. We have a discussion to-morrow upon the telegraphs, but we have only one printed paper; but after the discussion we might call in Mr. Pender, and ask him whether he has a paper to lay before us.

Sir SAMUEL GRIFFITH. Our minds are perhaps not well-informed on the subject. We have had various communications in writing from Mr. Pender, the last of them yesterday, but from all the communications that I have had from Mr. Pender, I am not at all convinced that his views are correct. I should like to know more about it, and I should like to hear what the other people have to say.

The PRESIDENT. On the whole, it would perhaps be better to summon Mr. Pender and Mr. Finch-Hatton. (Hear, hear.) I do not know whether there is not another telegraph company, the Silvertown Company; they might like to come. It is not necessary that we should see them, but we have so little information about telegraphs that I think the delegates would like to hear something more.

Mr. DEAKIN. The question was discussed by Mr. Downer and the two Postmasters General.

Sir JOHN DOWNER. Yes, let these gentlemen come and say what they have about the matter, and then we will discuss it after they have withdrawn. I quite agree to that suggestion, preliminary to the discussion.

The PRESIDENT. Then we could say, according to our ordinary rule, whether we desired their papers to be printed.

Sir SAMUEL GRIFFITH. For instance, Mr. Pender contends that a monopoly is absolutely essential for the good government of telegraphic communication to Australasia; I should like to know why.

III.—3.

WEDNESDAY, 20th April, 1887.

Present:

The Right Hon. Sir Henry T. Holland, Bart., G.C.M.G., M.P., Secretary of State for the Colonies. President.
The Right Hon. Henry Cecil Raikes, M.P., Postmaster General.
The Right Hon. the Earl of Onslow, Under Secretary of State for the Colonies.
Mr. Stevenson A. Blackwood, C.B, Secretary of the Post Office.
Mr. C. H. B. Patey, C.B., Third Secretary of the Post Office.
Mr. John Bramston, C.B., Assistant Under Secretary of State for the Colonies.

Representatives:—

Newfoundland:—
Sir Robert Thorburn, K.C.M.G, Premier.
Sir Ambrose Shea, K.C.M.G.

Canada:—
Sir Alexander Campbell, K.C.M.G., Lieutenant Governor of Ontario.
Mr. Sandford Fleming, C.M.G.

New South Wales:—
Sir Patrick Jennings, K.C.M.G., late Premier.
Sir Robert Wisdom, K.C.M.G., formerly Attorney General.
Sir Saul Samuel, K.C.M.G., C.B., Agent General.

Tasmania:—
Mr. Adye Douglas, Agent General.

Cape of Good Hope:—
Mr. Jan Hendrick Hofmeyr.
Sir Charles Mills, K.C.M.G. C. B., Agent General.

South Australia:—
Sir John William Downer, K.C.M.G., Q.C., Premier.
Sir Arthur Blyth, K.C.M.G., C.B., Agent General.

New Zealand:—
Sir Francis Dillon Bell, K.C.M.G., C.B., Agent General.
Sir William Fitzherbert, K.C.M.G, Speaker of the Legislative Council.

Victoria:—
Mr. Alfred Deakin, Chief Secretary.
Sir James Lorimer, K.C.M.G., Minister of Defence.
Mr. James Service, late Premier.

Queensland:—
Sir Samuel Walker Griffith, K.C.M.G., Q.C., Premier.
Sir James Garrick, K.C.M.G., Q.C., Agent General.

Western Australia:—
Mr. John Forrest, C.M.G.
Mr. Septimus Burt.

Natal:—
Mr. John Robinson.

The PRESIDENT. Gentlemen, as regards telegraphic communication the only papers that I have been able to collect and distribute for the use of the delegates refer to the proposed cable between Canada and Australia, and in those papers will be found some letters addressed to myself from Mr. Pender, stating general views upon telegraphic communication and the advantages of his own company. I suggest that the best arrangement for to-day will be, in the first place, to ask Mr. Sandford Fleming, as the proposed cable between Canada and Australia is the first question before us, if he would now state his views with respect to that cable.

I would state to the delegates that both Mr. Pender and Mr. Finch Hatton are here, but that it would be desirable that we should have our discussion carried on in the absence of these gentlemen, and then we can call them in, and questions arising out of the discussion can be asked them, if it is thought necessary. I think that was decided yesterday. Mr. Sandford Fleming will now state his views about the proposed cable between Canada and Australia.

Mr. SANDFORD FLEMING Yesterday I referred to the value of the Canadian Pacific Railway as a postal route to Australasia and to the British dependencies in Asia.

The other means by which the public works of Canada may be turned to the use of the Empire is as a telegraph route. There can be no efficient intercourse now-a-days without the telegraph. The chairman on the first day of the Conference quoted from an excellent authority to show that general mercantile business cannot be economically conducted without the telegraph; that in fact the telegraph is an indispensable auxiliary to all commercial transactions between persons separated by distance. In this view I do not see it possible that any profitable business intercourse can spring up between Australasia and Canada without a direct telegraphic connection. It is quite true that already telegraphic wires extend from Canada to England and from England to Australasia; but imagine for a moment, business men on opposite sides of the Pacific being obliged to communicate with each other by sending messages round the globe no less than five-sixths of its whole circumference!

The heavy charges by the circuitous route, the delays and the risk of errors consequent on the numberless repetitions in the transmission of messages, would prove such an impediment to general intercourse as to render the existing line by way of Europe of little or no use. It could only be resorted to in extreme cases.

There cannot be a doubt that if there are to be more intimate relations, if any progress is to be made towards a closer union or intimacy of any kind, the first thing to be thought of is a direct telegraphic connection. Without it the young mercantile marine on the Pacific would be ruinously handicapped and the successful development of commerce rendered impossible.

But beyond the promotion of commercial and social relations there are other considerations of the highest importance.

It is only necessary to look at a telegraph map of the world to see how dependent on foreign powers Great Britain is at this moment for the security of its telegraphic communication with Asia Australasia, and with Africa; in fact it may be said that the telegraphic communication between the Home Government and every important division of the Empire, except Canada, is dependent on the friendship (shall I say the protection?) of Turkey. Is not Turkey continually exposed to imminent danger from within? Is she not in danger of falling a prey to covetous neighbors whose friendship towards Great Britain may be doubted? What has it cost in British blood and treasure to obtain the goodwill and give strength to a power so weak? And yet the Ottoman Government on which we depend for communications with India, and Australia, and the Cape Colonies appears continually exposed to impending disaster.

The Suez route has proved convenient in the past and it may prove useful in the future; but when our object is to strengthen the Colonial system is it wise to be so dependent on a power the condition of which is so critical?

I venture the remark that the patriotism and enterprise of Canada has opened up the way by which the British Empire may be placed entirely independent of any foreign power with respect to its telegraphic communications.

The western terminus of the Canadian Pacific Railway, Vancouver, is in telegraphic connection with London. Communications have passed between London and Vancouver and replies returned within a few minutes. From Vancouver cables may be laid to Australasia by way of Hawaii, or they may be laid from one British island to another and thus bring New Zealand and all the Australian Colonies directly into telegraphic connection with Great Britain, without passing over any soil which is not British, and by passing only through seas as remote as possible from any difficulties which may arise in Europe.

Again, India can be reached from Australasia by the lines of the Eastern Telegraph Company. South Africa can be reached through the medium of the Eastern and South African Company, and thus by supplying the one link wanting the Home Government will have the means provided to telegraph to every important British Colony and dependency around the circumference of the globe without approaching Europe at any point.

I respectfully submit that the establishment of a telegraph from Canada to Australasia is, for the reasons given, a question well worthy of earnest consideration, and as a Canadian it is a matter of great gratification to me that it has been brought by the Secretary of State for the Colonies to the notice of this Conference.

My own views are given at some length in printed documents which have been circulated within the last few days; I need not therefore take up your time further in expounding them. I will only notice very briefly the letters of Mr. John Pender which have also been placed in the hands of members of the Conference. Mr. Pender speaks on behalf of the existing telegraph companies, and it is not unnatural that he and they should be hostile to a new line which would undoubtedly destroy their monopoly and reduce the exceedingly high charges which they have so long enjoyed.

Mr. Pender objects to the proposal to connect Canada with Australasia telegraphically on several grounds. He states that the line "would necessarily consist of long stretches across enormous and practically unsurveyed depths terminating in coral reefs," and he leaves the impression that the project is impracticable or next to impracticable.

In Canada, and I doubt not in the other colonies, we have learned to disregard objections of this kind. At one time it was declared by a very high authority, an Imperial scientific officer specially commissioned to examine and report, that it was quite impracticable to establish a railway through the territories now forming the Dominion. This officer was not chairman of any company whose profits were at stake; he was an able, earnest man, with a deservedly high reputation. He was assisted by a staff of scientists equally able and reliable, who were engaged with him in exploring the country for a period of four years. I shall give a paragraph from his report addressed in 1862 to His Grace the Duke of Newcastle, then Colonial Secretary:—"The knowledge of the country on the whole would never lead me to advocate a line of communication from Canada * across the continent to the Pacific exclusively on British territory. The time has now for ever gone by for effecting such an object, and the unfortunate choice of an astronomical boundary line has completely isolated the central American possessions of Great Britain from Canada in the east, and also debarred them from any eligible access from the Pacific coast on the west."

Notwithstanding this exceedingly discouraging declaration, the work has been grappled with, and the railway is constructed, and I may add that a magnificent train service with appointments for the most luxurious travellers passes over it every day in the week. Is it surprising that colonists are disposed to reserve their judgment when any project of a similar kind is pronounced even by good authority to be impracticable? It is perfectly true that our information respecting the Pacific Ocean is incomplete, but so far as it goes there is nothing on which to base an unfavorable opinion. Two years back I personally looked with attention into the whole matter, and I put on record the conclusion which I arrived at.

* Canada at that date embraced only the Provinces of Ontario and Quebec.

I beg leave to read a paragraph from a published letter which I addressed to the Premier of Canada, Sir John Macdonald, Oct. 20, 1885 :—"There are, indeed, extensive coral reefs in the central and southern Pacific; but the most authentic hydrographic information establishes that those reefs are generally in great groups, separated by wide and deep depressions free from obstructions. It is further revealed by the latest bathymetic data that those depressions or troughs present (as far as ascertained) a sea floor precisely similar to that of the Atlantic, so suitable for submarine telegraphy. Those ocean depressions, alike by their geographical position and their continuity, open up the prospect of connecting Canada and Australia by a direct cable."

Mr. Pender says that a telegraph from Canada to Australasia would not benefit the Colonies and that "it would be inimical to the interests of the telegraphing public."

It is not at all necessary to occupy your time at any great length in refuting this contention. I shall only remark that the Canadian Pacific Railway Company have made arrangements to transmit all Australasian telegraph business over their wires across the Continent for twopence halfpenny per word and that the ordinary charge across the Atlantic is sixpence per word, making a total charge of eightpence halfpenny per word from Vancouver to London. Vancouver is 5,500 miles from London, and the nearest point of Australasia is 6,500 miles from Vancouver. Vancouver to London is therefore, the shortest half, but if the actual charge for transmission on the short half be 8½d., at the same rate messages should be sent the whole distance for a little more than double, or say, 1s. 8½d. per word. On reference to the published tariff of the company represented by Mr. Pender I find that the charges for ordinary messages are as follows, viz.:—

		Per Word. s.	d.
London to	New South Wales	9	6
do	Queensland	9	9
do	South Australia	9	4
do	Victoria	9	4
do	Western Australia	9	4
do	Tasmania	9	11
do	New Zealand	10	6

From this it appears that the lowest charge for the transmission of ordinary messages by the existing line to any one of the seven colonies is nine shillings and fourpence per word. I ask if a reduction from 9s. 4d. to 1s. 8d. per word would be inimical to the interests of the telegraphing public and no benefit whatever to the colonies?

I have based the comparison on the actual Atlantic charges at the present time, and on a decision deliberately arrived at by the Board of Directors of the Canadian Pacific Railway Company with respect to Australasian business. On this basis I have reckoned one shilling per word for the Pacific service, but even if the three rates be doubled it needs no words of mine to prove that the gain to the telegraphing public and the colonies would be enormous.

I am sanguine enough to believe that the moment Canada and Australia are telegraphically connected there will be a wonderful development of telegraphic activity, and business will far exceed present conceptions.

Mr. Pender alludes to the Pacific as if its depth was a serious objection to telegraphic submersion. The soundings which have been made on the route to be traversed go to show that the greatest depth is from 3,000 to 3,100 fathoms. This is indeed greater by about 100 fathoms than the depth of waters in which cables have been successfully laid; but the excess is trifling. I must, however, bring to your notice that the depth is itself an element of security. The cables in deepest water at the present time are those of the Brazilian Submarine Telegraph Company,* and it is a singular fact that this company, with cables sunk to a depth of 2,900 fathoms, has paid far less than any other company for cable repairs. This company owns some 7,340 nautical miles of cable; if I am correctly informed it has never owned a

repairing ship, and I believe it has only carried out two or three repairs in the 13 years it has existed.

Does not this go a long way to establish that telegraph cables are by far the most secure in deep water? Only cables in shallow waters, such as those of the Eastern and Eastern Extension Companies, are exposed to the ravages of marine insects, and in consequence continually need repair and renewal.

Mr. Pender urges that in case of war it would be impossible to protect cables laid across the Pacific. I venture to enquire would it not be infinitely more difficult to protect the cables and the land lines of the companies represented by that gentleman?

Look at the telegraph map of the world and judge of their respective security. The lines of the Eastern and Eastern Extension Companies have stations in two foreign countries—Egypt and Java—the one under the sovereignty of Turkey, the other of Holland. All or nearly all the cables of these companies are laid in shallow water, and nothing could be easier than to drag them to the surface anywhere. From England to Egypt they skirt every country in Southern Europe, and are exposed at every point for the whole distance.

*Laid from Lisbon to Pernambuco, in South America, *vid* Madeira and Cape Verde Islands.

The Pacific cables on the other hand would not be so exposed, they would be far removed from every country likely to prove hostile to England, they would be laid in deep water as the Atlantic cables are, and they would be laid under circumstances which would render it no easy matter for a foreign ship to find them.

Mr. Pender contends that the cables of his companies would "be the special object of the vigilant care of the Royal Navy." If I may hazard an opinion, it is not improbable that the ships of the Royal Navy would have other work urgently demanding their attention than standing sentry on every mile of the cables extending from England to Aden.

I think it must be obvious without further argument that all the cables of the Eastern Telegraph Company are so vulnerable, that the existence of an alternative line through Canada and the Pacific would be of incalculable advantage. The possibility of sending a single message in any emergency *via* Canada and the Pacific, might actually be worth more to the Empire than the whole cost of the new line

Mr. Pender submits "that the existing company as the pioneer of telegraphic communication with Australasia is entitled to a large share of consideration at the hands of the colonies." There may be much truth in this, as I am not familiar with the history of the work of extending submarine telegraph service to the Australasian Colonies. I will only observe that this is not the first time that a company or an individual has been called upon to relinquish a monopoly by the exigencies of the public welfare.

I do not wish that any injustice be done to this company or any individual. If they have any claims for consideration or compensation these claims should undoubtedly be met in a fair and honorable manner. But I ask, is it for a moment to be thought that Canada and Australasia are never to hold direct telegraphic intercourse because a commercial company stands in the way? Are commercial relations between two of the most important divisions of the British family for ever to remain dormant in order that the profits of a company may be maintained?

Has Mr. Pender's company more claim to consideration than the Australasian Colonies themselves, and are the people of these colonies never to be relieved of the exorbitant charges which that company exacts?

Is Canada entitled to no consideration? Are all her efforts—all her expenditure—all her aspirations—to go for naught?

Are the vital interests of the British Empire to be neglected? Is the permanent policy of England to be thwarted? Is the peace of the world to be endangered at the bidding of a joint stock company?

In 1823 the instructions given to that distinguished Ambassador, Lord Stratford de Redcliffe, contained these words:—

"To preserve the peace of the world is the leading object of the policy of England. For this purpose it is necessary in the first place to prevent to the utmost of our power the breaking out of new quarrels; in the second place to compose, where it can be done by friendly mediation, existing difficulties; and thirdly, when that is hopeless, to narrow as much as possible their range; and fourthly, to maintain for ourselves an imperturbable neutrality in all cases where nothing occurs to affect injuriously our interests or our honor."

I believe, Sir, that these noble sentences define the policy of England to-day as they did sixty years back. The circumstances are, however, not the same, and there are, if possible, stronger reasons for adhering to that policy than there ever were. Colonies are planted in the four quarters of the globe, and British interests are world wide. The Eastern Question has long been a burning question; but England is now less concerned with Europe than with Australasia, Africa, Asia, and America. If to preserve the peace of the world be the leading object of the policy of England, that object may most surely be attained by England concerning herself less with Europe and more with the English people and the Queen's subjects beyond Europe. To follow such a course is, to my mind, dictated by a proper apprehension of the situation no less than a sense of duty to ourselves. The entire future of the British Empire may largely depend on our wisely availing ourselves of opportunities which are now presented to strengthen the cohesion of the colonies to each other and to the mother country. If that end is to be accompli-hed, I respectfully submit that Canada's contribution, on which she has incurred liabilities which will tax her people £1,000,000 sterling a year for all future time, should not be lightly regarded.

If there is to be any practical progress made in consolidating the Colonial Empire, the establishment of such new lines of Imperial communication as I have alluded to, by telegraph and by fast merchant cruisers, is to my mind an absolute necessity.

Would not the establishment of such communications open the way for securing to the Empire in perpetuity a masterful hold on the Pacific? Prepared for the worst that may happen in Europe, would not England, occupied with her own people and pursuing her own noble aims, be in a position to regard the Eastern Question with comparative indifference?

Is it not the duty of the British people scattered around the globe to set about putting their house in order? Is not that one of the main purposes of this Conference? Is it not wise and proper to strengthen the cord of patriotism which runs through Canada and Australasia and every one of the colonies in the two hemispheres? Is not everything else secondary to the obligation resting upon us to attend to vital affairs which concern us in common?

These views, suggested to me by my own more immediate range of thought, are submitted to the Conference with all deference. (Hear, hear.)

The PRESIDENT. Perhaps as the Postmaster General has to go away on business the delegates will allow him to make a few observations now upon the general question of telegraphic communication.

Mr. RAIKES. I have listened, I am sure in company with everybody who is present here to-day, with very great interest, and with very sympathetic interest, to the extremely able paper which Mr. Sandford Fleming has just read to us. I think it is a most valuable contribution to this question, and I only hope that by some means or other it may become more widely known than it would be if it were confined only to members of the Conference. I have been fortunate enough to secure the attendance here to-day of my friend Mr. Patey, who is the secretary of the Post Office, who is specially charged with the Telegraph Department, and than whom I suppose no greater authority upon telegraph matters exists—he will be most happy to place his knowledge at the disposal of the Conference, to answer any questions, and take part in any discussion which may arise upon any particular point concerning the telegraph service of the Empire; but I confess, confining myself entirely to the general aspect of the question, I sincerely trust that the Conference will not break up without expressing some very decided opinion in favor of the general policy indi-

cated by Mr. Sandford Fleming's paper. Mr. Canning, in a celebrated speech made by him some years ago, said he had called the New World into existence in order to correct the balance of the Old. It occurred to me while I was listening to the last eloquent words of Mr. Sandford Fleming that here we have in a peaceful way an opportunity afforded to us of utilizing the western world and the western route as a means of escaping from the many difficulties and embarrassments which cluster around the eastern world and the eastern route. It would seem as if Providence had specially indicated some such course of communication between Australia and England when, after the separation of the United States from the British crown, we were still left in possession of those vast territories which Canadian enterprise has more recently developed in an astonishing manner, and which may well become a highway between the mother country and her more distant possessions. Much has been done by the establishment of the Canadian Pacific Railway, and Canada has certainly shown the way both to the old country and to her younger sisters in this view of the question. Undoubtedly very much remains to be done; whether it would be found possible to create that connection across the Pacific by the steamers to which reference was made yesterday in the early part of Mr. Fleming's paper, or whether it may be found more convenient and more practicable to connect Vancouver Island with Queensland by a cable, is a matter upon which I hope the deliberations of the Conference may throw some light; but I cannot help saying with regard to certain points which Mr. Fleming has combated in Mr. Pender's expressed views upon this question, that it would be, I think, absolutely impossible for the English people, or for Her Majesty's Government to recognize any monopoly such as seems to be claimed, by any company, however deserving their enterprise may have been. (Hear, hear.) And to suppose that enterprise directed in the first instance to establishing communication between the mother country and the colonies should be allowed when it has grown up to throttle all possible rivals, and to preclude the extension of the communication, seems to me to be a position which would never be accepted either by the colonies or by the British Parliament. It would, of course be rather a difficult thing to say how far the British Government would be justified in entering into competition itself with an existing commercial enterprise—the rates, no doubt, are immensely high—they have been rightly quoted by Mr. Fleming and I have a paper here which Mr. Patey has brought from the department, which may be interesting to the Conference, as indicating the shares of this sum which are divided between the Telegraph Company and the other persons or companies who participate in the advantages of the existing tariff. Now, I find that the minimum charge to Australia has been correctly stated at 9s. 4d., which is the equivalent of 11 francs 40 centimes, which has been divided in this manner. Taking the case of South Australia, the cost of each word which is telegraphed from England to South Australia as far as the first stage of the journey is concerned—that is to say from England to India—is 4f. 25c. or 3s. 6½d.; the Eastern Extension Company takes from India on 5 francs 50 centimes, which would represent 4s. 8d. The Javan Government receives only 15 centimes, or 1½d., and the further charge of crossing Australia from the point where the cable touches it until it reaches South Australia is 1 franc 40 centimes, or 1s. 2d. I should point out that with regard to the charge made from England to India, of the initial charge of 4 francs 25 centimes, only one half-penny is received by the British Government, and about 8d. by the Indian Government; so that out of that first expenditure of 4 francs 25 centimes or 3s. 6½d., 2s. 8d. goes to the Eastern Telegraph Company, and only 8½d. to the English and Indian Governments between them. Therefore you have to add the 2s. 8d. of that charge to the 4s. 8d. in the further charge of the Eastern Extension Company, making altogether something between 7s. and 7s. 6d., which would represent the actual charge made by the existing companies for the transmission of one word. When we are told by Mr. Fleming that it may be possible to transmit words at the rate of about 2s. per word *viâ* Canada and the Pacific, we see at once the perfect revolution in the communication between the Australian colonies and the mother country which would be effected if such an arrangement could be carried out. But I think the Conference

will feel that while fully appreciating the importance of this, and largely sympathizing with what I believe to be the most beneficial change of any of the changes which can come out of this Conference, it would be a matter of extreme difficulty. I think without precedent, for the English Government itself to become interested in such a scheme in such a way as to constitute itself a competitor with existing commercial enterprise carried on by citizens of the British Empire. There would be a very serious question raised, and it would be possibly extended to other forms of British enterprise, for instance, railways; but if private enterprise can be found to do this, and if the Colonial Governments can, by giving assistance and encouragement, develop and give aid to such a scheme, at least, I think, they may be confident that any government which holds the power in this country will not be slow to do what it can in the way of legislation and administration to facilitate and carry out a scheme which must bring about such incalculable advantage to Her Majesty's subjects both at home and in the colonies; and if there is any way which the delegates can indicate to the postal authorities here in which their co-operation can be utilized for carrying out the development of a scheme pointing in this direction, utilizing that magnificent girdle which the enterprise of Canada has cast across the great American Continent, and utilizing the quieter and the less disturbed seas of the Pacific. I quite agree with what Mr. Fleming has said as to the greater remoteness from possible attack and seizure by foreign powers; if, I say, the delegates can give us any practical notion of how the post office here can make itself useful in developing and carrying out a scheme of this description, I think they can count upon the most cordial assistance of the department in every respect.

Mr. SERVICE. Mr. President, would you allow me to mention one other question? Mr. Raikes mentioned just now the charge by the Indian Government as being 8d. a word for crossing the Indian portion of the line; it has been always asserted, and I believe with truth, that that charge is considerably larger, I think somewhere about double——

Sir JOHN DOWNER. It is three times as large, it is 7½d. as against 2½d.

Mr. SERVICE. It is very largely in excess of what is charged by the Indian Government for the transmission of what you may call their own domestic messages across the same extent of country. If there is any information which can be given to the Conference as to the reason why the Indian Government should levy what I may almost call a barbarous tax, not only upon a uniting but upon a civilizing machinery of this sort passing through its territory we should be only too happy to receive it.

Mr. DEAKIN. The cost for Australian messages crossing India is 7½d., the cost of urgent internal telegrams is 5d., and the cost of ordinary internal telegrams is 2½d.; so that actually the charge levied upon us is half as much again as for urgent internal telegrams, and three times as much for ordinary internal telegrams passing through India.

Mr. RAIKES I am quite aware of the existence of the practice, and of course the delegates will be aware that the post office here is in no way responsible for it. A question was asked about it the other day in the House of Commons and was referred by me to a gentlemen representing the India Office in the House of Commons, and he gave a statement which corresponds with what Mr. Deakin has given. That is just an example of what I venture to suggest, and we shall be most happy if the delegates here will fortify our hands by such an expression of opinion as will enable us to address ourselves to the Indian Government upon this question.

Mr. DEAKIN. There will be no difficulty about that.

Sir SAUL SAMUEL. I should like to say that we have already applied to the Indian Government for a reduction of this charge, and that reduction has been refused.

Mr. RAIKES. A good deal may be done by the Conference I think.

Sir SAUL SAMUEL. I understood Mr. Raikes to say that the Government would favor the proposal for a second cable; may I ask whether the Government would be prepared in any way to contribute to a subsidy towards it?

Mr. RAIKES. I ventured to point out as far as I could, and I used guarded language, that it would be contrary to the practice of the English Government to engage in competition; that is to say, to associate itself with any enterprise which is competing with another enterprise, in other words, to give advantage to one scheme as against the other; but when you come to the question of dealing with subsidies apart from an Imperial point of view, I would rather reserve the consideration of that matter, if Sir Saul Samuel will allow me, without expressing an opinion about it.

Sir SAUL SAMUEL. I quite understand Mr. Raikes to give a guarded opinion, but as it is a matter which we shall have to consider, I thought it well that we should have it clear.

Mr. DEAKIN. The Postmaster General, I understand, thinks it impossible that as a member of Her Majesty's Government, he could say anything as to what the Government would be prepared to do.

The PRESIDENT. Mr. Patey will answer any question before we have a discussion, if there is any particular question which any member of the Conference may wish to ask.

Mr. DEAKIN I suppose it is almost unnecessary to ask the question, but I presume Mr. Patey's knowledge would enable him to say that he foresees no insuperable difficulty in the construction of this Pacific cable—that it is a matter which comes fairly within the range of practicability.

Mr. PATEY. Certainly the difficulty, looking at it from a post office point of view, that of expense, is, as was suggested by Mr. Fleming, the great depth at which the cable would have to be laid, the depths are far beyond anything in the Atlantic, and it is very questionable whether the cable could be laid without a great deal of difficulty; but it is a greater question still whether the cable could possibly be repaired in the great depth at which it would certainly lie between Australia and Vancouver's Island. I do not say that it could not possibly be repaired, because old cables have frequently been picked up at very great depths, but still it is a very great question.

Mr. DEAKIN. What is exactly known of the depth?

Mr. PATEY. I think in one or two cases the depth goes down to 11,000 or 12,000 fathoms.

Mr. SANDFORD FLEMING. It has never been contemplated to lay the cable in these depths. The depths in the Pacific Ocean vary, the greatest depths are in two localities, one near Japan and the other to the south and west of the Sandwich Islands, but it has never been proposed to carry the cable over those depths. The cable which it is proposed to lay will be, as I stated, in depths generally less than 3,200 fathoms, the depths in the Atlantic are not very much less than that. The Brazilian cable is laid in about 2,960 fathoms, and the greatest depth upon the route of the Pacific cable would as far as we know be 3,200 fathoms. (Hear, hear.)

Sir PATRICK JENNINGS. I have here before me a report conveyed to the Government of New South Wales not very long ago, in which it is stated, and this is a very important statement; "The only soundings throughout the route are a few taken by the United States frigate 'Tuscarora,' which in some places were over five miles in depth.'" Is there within the knowledge of the Post Office Department any further hydrographic knowledge as to the soundings in these seas, or may we take it from this statement that the only soundings are those which have been made by the "Tuscarora?" This is the report on the cable communication between Australia and Great Britain, and correspondence by Mr. Cracknell, Superintendent of the Electric Telegraphs. "The first section would be from New Zealand to Levuka, Fiji, a distance of 1,239 knots, with an unsurveyed depth of water; the next section would be to Apia, Samoa, 680 knots, also coral formation; thence to Honolulu, 2,404 knots, the only landing being through coral reefs; from Honolulu to San Francisco, 2,197 knots." It was then spoken of as going to San Francisco. I suppose if this means of communication were adopted it would be a matter of policy to have it all through British territory. "The only soundings throughout the route are a few taken by

the United States frigate 'Tuscarora,' which in some places were over five miles in depth." I have not seen any further contribution to the knowledge of the conformation of the sea bottom of the Pacific Ocean beyond this statement, and am not aware that there is any British ship employed in the survey, or that we have any greater information than is supplied in this statement with regard to the formation of the sea bottom in the north and south Pacific.

Mr. PATEY. The depths I mentioned just now to the Conference were taken from the depths given recently from the survey made by the "Challenger," and those depths I find in the latest edition of the Imperial Atlas. I have just asked whether there is an Atlas here, and I will be able to point the position of those depths out upon that.

Mr. SANDFORD FLEMING. I have a map before me which shows that the soundings are exactly as I have stated.

Mr. PATEY. I do not dispute that, but I think the question is where the depths are that you speak of.

Mr. SANDFORD FLEMING. The greatest depths spoken of are a very long way, I may say thousands of miles, from the proposed line of the cable.

Mr. DEAKIN. Did we understand you to say 12,000 fathoms?

Mr. PATEY. Yes, 12,000 fathoms.

The PRESIDENT (*to Mr. Sandford Fleming*). It would be well for the purpose of the shorthand writer if in some way you would identify the map to which you are referring.

Mr. SANDFORD FLEMING. This is a map showing the soundings of Her Majesty's ship "Challenger," from 1873 to 1876.

Mr. SERVICE. Would there be a difficulty in sinking the cable to that depth.

Mr. PATEY. We are not quite certain whether it would not be necessary to sink it artificially; we have had no experience of laying cable in such great depths.

Mr. SERVICE. The question is whether the cable would require to be artificially sunk or whether it would act if suspended in the water at the point at which it would not sink any further by its own weight.

Mr. PATEY. The cable would certainly act if it was suspended, at whatever depth it was.

Mr. SERVICE Would there not be an advantage in suspending it? It seems to me that you would get rid to some extent of the marine insects which are very apt to damage the cable and that there would be less difficulty in raising it. Could you tell us what the depth would be at which the cable would reach that point at which it would remain suspended.

Mr. PATEY. I do not know that at all.

Mr. SERVICE. It is outside the range of practical knowledge.

Mr. PATEY. Yes, it is outside the range of practical knowledge.

The PRESIDENT (*to Mr. Sandford Fleming*). I understand you to state from your own experience and knowledge that in laying this cable it would not be necessary to go to these extreme depths.

Mr. SANDFORD FLEMING. I have no reason whatever to think that it would be necessary to go beyond the depths that have been spoken of by me. I have already stated that a cable has been sunk to a depth almost as great, namely, the cable which is stretched from Lisbon to Pernambuco, in South America, by the Brazilian Submarine Telegraph Company. It passes under water within about 200 fathoms of the depth that we have to pass under; 200 fathoms out of 3,000 is a mere trifle. I believe I am correct in stating that this cable laid in such depths has been in operation for thirteen years, and that there have been only, at the most, three repairs during the whole of that time.

Sir SAMUEL GRIFFITH. I wish to ask whether there is any reason to suppose that the coral formation would be an insuperable difficulty in maintaining the cable. There is no doubt of this—that all that part of the Pacific between Fiji and Samoa is more or less coral formation; there are a good many cables laid in coral seas—is there an insuperable difficulty in doing so in this case, do you think?

Mr. PATEY. There is a very great difficulty attendant upon laying cables over coral formation, we should be afraid that the cable would soon chafe.

Mr. SANDFORD FLEMING. On the contrary, will you allow me to say that a cable when laid upon a coral reef is likely soon to become embedded in the reef, the coral growing around it.

Sir SAUL SAMUEL. We have had experience that insects penetrated a cable after being embedded in the coral; but a new cable having been covered with a band of copper, that difficulty has been overcome.

Sir SAMUEL GRIFFITH. Would the difficulty, where the cable was lying deep upon coral, be as great as where it is brought in from the deep sea over a reef of coral?

Mr. PATEY. The difficulty would be just where the sea breaks.

Sir SAMUEL GRIFFITH. Are there any places in which the cable has to pass over ridges of that kind?

Mr. PATEY. In the West Indies considerable difficulty has been experienced in maintaining the cables on account of the coral reefs.

Sir WILLIAM FITZHERBERT. Is it not the case that the difficulty is at the landing places of the cable, but that in the deep sea where there are coral reefs, those reefs are only formed upon the top of high mountains, and do not go below a certain depth; and would not that, if that is true, go to show that it would not interfere with the durability of the cable, except at the point where the cable was landed?

Mr. PATEY. It would be chiefly where the cable was landed, upon the wash of the wave.

Sir WILLIAM FITZHERBERT. So that we may dispense with that difficulty at every other point as to the laying of the cable except as to the place of landing.

Sir JOHN DOWNER. I wish to express my sympathy in common with everyone who is present with the sentiments which have been expressed by Mr. Sandford Fleming; and I also agree with him that in great national questions we must quite sink any individual interest, and look upon the matter from an altogether larger standpoint. But I would point out to Mr. Sandford Fleming that when he puts this as being a question as between Canada and the Australian Colonies on the one part, and an alleged monopoly that the Eastern Extension Telegraph Company wishes to maintain on the other, he scarcely states the position which the Pacific Telegraph Company really take in this matter. It is not a case of the Eastern Extension Telegraph Company seeking to maintain a monopoly; it is the case of the Pacific Telegraph Company asking for assistance from the Government to initiate an enterprise which would be in competition with what he is pleased to call a monopoly.

Quite agreeing with him generally in everything he has said as to the benefits that this line, if it were practicable, would afford to England, Canada and Australia, and while sympathizing with him altogether in these general expressions which are contained in the paper he read, I say that when he seeks to raise this as an issue between monopolists in the form of the Eastern Extension Telegraph Company, and those who wish to break the monopoly in the character of the Pacific Telegraph Company, the case is not fairly stated; because, so far from its being a case between a monopoly on one part, and somebody seeking to break it upon the other, it is somebody seeking for nothing from the Government, as against a Company which says they will not prosecute their enterprise unless they receive some assistance.

Mr. SANDFORD FLEMING. I think that is a mistake.

Mr. SERVICE. We also subsidize.

Sir SAUL SAMUEL. New South Wales, Victoria, South Australia, and Western Australia, join in the subsidy.

Sir JOHN DOWNER. That was for the second cable; but as far as the original cable was concerned, no subsidy was required.

Now, Sir, it may be that the time may come—I scarcely think the time has yet come—when these telegraph lines shall be taken out of the hands of private companies or individuals altogether and brought into the hands of the Government. But, Sir, I venture to say that when that times comes—when it is felt to be the duty of

the Government, in order to start a company such as is now proposed, to give them heavy subsidies—then at the same time the time will have come when, in fairness and justice, the companies which initiated and carried out at their own responsibility and at their own risk telegraphic communication between England and Australia, will be entitled to ask that their work shall be looked upon as a national work and to be taken over by the State.

If the proposal were to construct a new line and take over the old line as well, I can understand that that was a thing for which the assistance of the Government might be asked. But apart from the utility of the line now proposed for strategic purposes, but looking upon it as a matter of convenience for ordinary use—when the existing line could do double or three or four times the work it does at present, I scarcely think it would be reasonable to ask the Government to subsidize a new company for the purpose of making this new line without making at least an equal concession to the company which initiated the original work with the universal praise of everybody in Australia at great risk to themselves.

As far as the colony of South Australia is concerned, we have in this matter a personal interest. Our colony, large in area, though small in population, has spent nearly £600,000 in constructing this line, and it did it entirely at its own risk and at its own expense over a continent that was very little known—that was, in point of fact, not known—where exploration and telegraphic construction had practically to go together; and she has constructed that telegraph line with all Australia, I may venture to say, admiring the boldness of the action she then took.

Now, Sir, that line has not only cost South Australia a large sum of money, but it is still costing South Australia a large sum of money; it is maintained by South Australia at a great loss, and the proposition now is that a competing line should be sanctioned and subsidized by the Imperial Government and the Australian Colonies, with the inevitable result of making the loss to South Australia greater than it is at the present time.

If the matter were necessary from a national point of view, I would not put forward so small an argument as that as a reason why that which is right should not be carried out; but, referring to the details of this scheme, Mr. Sandford Fleming speaks of the extraordinary low rates at which, if this new line were constructed, telegraph messages could be transmitted. I was not previously aware that it was suggested that messages could be sent at the low rate Mr. Sandford Fleming has indicated. I thought 4s. was the lowest.

Mr. SANDFORD FLEMING. I am not speaking of any particular company, but of the general question from a Canadian standpoint. I am not aware that there is anything before the Conference as to the Pacific Telegraph Company.

Sir JOHN DOWNER. There was a paper which I thought was before the Conference which has been before us all through.

The PRESIDENT. There has been a paper which has been distributed.

Sir JOHN DOWNER. I have before me a letter from the Pacific Telegraph Company. I notice a number of names which are appended to it, and I see amongst those names Sandford Fleming, Esq., as one of the signatories to the articles of association.

Mr. SANDFORD FLEMING. That is quite true. I was then, and I am quite prepared now, to use any little money I have to advance a project of this kind as far as it lies in my power; but I am not a director of the company, and I still think there is nothing from that company before the Conference. I hold in my hand all the papers; the letters of Mr. Pender are given, these I have replied to; there is nothing from any other Company.

Sir JOHN DOWNER. Of course these papers are sent to us. I am sure we have all had these papers; this the telegraph company admitted.

The PRESIDENT. I do not think this discussion is necessary. Sir John Downer may go on; he is legitimately within his right in making these observations.

Sir JOHN DOWNER. Mr. Pender naturally wants to do the best he can for his company. On the other hand Mr. Sandford Fleming thinks that the Pacific Tele-

graph Company, to the articles of association of which he is one of the signatories, would be a very advantageous scheme both for the purposes of the state and als incidentally, I take it, to those who may happen to be interested in the success of the company. But, Sir, we have to consider this matter altogether apart from the question of monopoly, and altogether apart from the question of whether Mr. Pender on the one hand takes too strong a view in favor of his company, and whether the gentlemen whose names are appended to the articles of association of the Pacific Telegraph Company take too partial a view in favor of their particular scheme. The difference between the position South Australia was in at the time she incurred this large expense, and the position which is sought by the Pacific Telegraph Company is this: that when the venture was altogether in speculation, and was absolutely untried, and thought to be impracticable by most of those who were looking on at the work which we were doing, we did it at our own expense and without any assistance. Then the question comes whether it would be a fair thing under any circumstances for the Imperial Government to assist in a new scheme without taking care at the beginning that the colony which largely was instrumental in the construction of the telegraph line by which Europe communicates with Australia, should at all events be no loser through her original enterprise.

So far, too, as the figures are concerned, as I was saying when Mr. Fleming interposed, there had been previously no suggestion that messages could be sent at the extraordinarily low rate that Mr. Fleming now mentions. The scheme, as proposed, as I understand it, was that there should be a subsidy of £100,000, and then that messages should be sent at the rate of 4s. a word, the Governments of the Australian colonies having a right, as far as Government messages were concerned, to send them free of charge so long as the amount did not exceed their proportion of the subsidy. That was the proposal, as I think most of the gentlemen here understood it, and I did not know that there was even a suggestion of the possibility of the work being done at a much less cost than that—in fact I never knew before that it was seriously argued that this would be a much less expensive route than the present one—I thought the argument was entirely from a strategic point of view, that it was extremely inexpedient that we should have our line subject to all the eventualities of European or Asiatic complications, and that for the purpose of binding England, Canada and the colonies together more securely than they are bound together at the present time as far as telegraphic communication is concerned, it was expedient to construct this line.

Sir, if Mr. Sandford Fleming is right, and messages can be sent along this line at the low rate just now mentioned, then, Sir, surely private enterprise might very fairly, I think, deal with the matter. It appears to me that the better this new scheme is as compared with the line as at present constructed, the less reason is there for State subsidies, and the more reason for hoping that private enterprise may carry this project out.

It is not at all, I say, a question of monopoly—no one, I am sure, wishes to preserve any monopoly. If the Pacific Company without any assistance at all can carry out this schme, certainly as far as South Australia is concerned, we could and we should offer no possible objection. We could not offer any objection, and we should not if we could. But I say, be that as it may, when the proposal is that the combined enterprise of South Australia and the Eastern Extension Company having constructed this line entirely at their own risk and expense, a new company should be subsidized by the Imperial Government with the certain result of materially lessening not merely the advantages—because advantages we get none—but increasing the losses which South Australia at present sustains in consequence of its enterprise, then I think there ought to be some much stronger arguments put forward than have been brought before the Conference up to the present. If it is considered desirable to go into the more elaborate questions of the feasibility of the scheme, its probable cost, and as to the dividends which would probably be the result of this scheme if it should be constructed, those I will go into afterwards when it may be thought necessary; but the matter has been brought before the Conference in a very general

way by Mr. Fleming, and in a general way I deal with it. I sympathise very much with the sentiment of what he says, and if it could be carried out in the same way as the South Australian Government and the Eastern Extension Company carried out theirs, then the result would be a welcome one to both the mother country and the colonies. (Hear, hear.)

The PRESIDENT. Mr. Pender is here and has shortly to leave. I do not know whether the delegates would desire to make any change in the order of affairs which they have generally adhered to—that is to say, to have the matter discussed first and then afterwards consult with any gentleman so interested; we could, if it were thought necessary, find another day to summon Mr. Pender. I think that is the wish of the delegates. (Hear, hear.) Is there any objection to let Mr Pender have a copy of Mr. Sandford Fleming's paper? I do not know myself that there is any objection as far as I am myself concerned. (Hear, hear.)

Sir SAMUEL GRIFFITH. I should like to say a few words with regard to the existing cable. As Sir John Downer very properly said, and as has been pointed out by Mr. Raikes, this is not altogether a question of competing cables, but of asking the Imperial Government and the Governments of the colonies to subsidize a new cable to compete with the old one. That is true from one point of view; but if the Empire at large insists upon the establishment of a second line of cable, and that is the only way to get it, the interests of the existing company must give way. But in Queensland we have never been able to see that the existing company requires so very much consideration. They undertook to construct the existing line to Australia as a purely commercial speculation, and they arranged with the Government of Queensland that if the Government of Queensland would lay the land line to the Gulf of Carpentaria they would meet them there. That arrangement having been made, the Government of Queensland laid the line to the Gulf of Carpentaria, and it has been in operation, but the Eastern Extension Company, instead of bringing their line to meet it, brought their line to Port Darwin. We do not complain of that—it may have been the proper thing to do—but we in Queensland may be said to have looked upon South Australia constructing its line across the Continent with admiration somewhat in a different sense from that in which Sir John Downer used the phrase. However, we do not trouble ourselves about it; we have our own line, and we maintain it, but we have always maintained this position: That we would never do anything that would prevent or tend to hinder the establishment of a duplicate line.

I take this opportunity of correcting a statement made in the paper by Mr. Cracknell which has been laid before the Conference. On page 14 he mentions that "Queensland has been offered a duplicate cable from Normanton to the Roper, free of expense and without extra tariff, and South Australia, I have been informed, is willing to construct a land line to connect the Roper River and Port Darwin, so that a complete duplication of the international system would be ensured; but for some unexplained reason the Government of the former colony has refused this gift, which would cost the company £70,000, although their cablegrams would come to them direct, instead of going around by Adelaide and Sydney, which must cause them very great inconvenience and delay, and debars the southern colonies the advantage they would otherwise gain by having an alternative route in the event of interruptions on the overland line to Port Darwin. I am sure that this matter could not have been seriously considered by the Queensland Government, or they would have allowed the end of a cable to be landed on their shores in the Gulf of Carpentaria for the benefit of their own commerce and that of their neighbors." Upon that I may say that the free gift of a cable at a cost of £70,000 was offered upon the condition that the Queensland Government should join in the subsidy to the Eastern Extension Telegraph Company for a long term of years, and so practically preclude itself from assisting in the establishment of a duplicate line of cable. The Queensland Government takes up this position: that the Australian Colonies cannot safely depend upon a single line of cable, and that a duplicate line of cable is necessary. There have been two or three Conferences upon the subject. I recollect

having been at one in 1877, when it was affirmed unanimously that there should be a distinct and independent line. The Eastern Extension Telegraph Company maintain that they had given us a duplicate line by laying a second cable from Java to Port Darwin; but as the strength of any line is its weakest point, we maintain that these cables, all of which run from England through foreign territories or through seas continually full of the ships of foreign countries, form by no means a duplicate line of cable, which we have always maintained should be established. During the war scare about two years ago there was the greatest anxiety in Australia—we knew where the Russian ships of war were supposed to be—we know that the Admiral upon the station was doing all he could to protect the weakest places in Australian waters—we know perfectly well that at any moment the cable might be cut and that we should have no means of communication and that we might have hostile cruisers at our doors. I know the risk was thought to be so great that in some of the colonies it had been resolved that the moment the cable communication was interrupted it should be assumed that war had broken out.

Now I submit that these matters ought to be regarded entirely irrespective of the interests of the Eastern Extension Telegraph Company. They are a very good company, and they have done very good work, but we are now considering the matter from a national and Imperial point of view, and all we can do now is to consider whether it would be desirable to have such a duplicate line of cable between all the British possessions as would be secured if Mr. Sandford Fleming's proposition were carried out. If it could be carried out, it would be desirable there is no doubt, but whether it is practicable at the present time is a matter upon which some light may be thrown. If there are any persons willing to carry it out what assistance are they likely to get? For my own part, I have no hesitation in expressing my warmest sympathy in the movement. If it be necessary to do anything also for the assistance of the Eastern Extension Telegraph Company, be it so. I think it has first to be considered whether this proposal is so important as to justify united action on the part of the Empire.

I may be permitted to remark that although our methods are possibly better than those of other countries, yet I conceive that if the proposal were made to some other countries, to Germany for example, to connect the different parts of the Empire, the proposition would probably not be very long under consideration, it would commend itself, I think, to the Imperial policy of that great nation in a manner in which I hope before many years, it will commend itself to the great British nation. (Hear, hear.)

The PRESIDENT. Before we say anything with regard to what has fallen from Sir Samuel Griffith, I should like to say that I have received this letter of the 20th of April from the Pacific Telegraph Company, Limited. The letter is as follows:—

"SIR,—We are deputed by the Pacific Telegraph Company, Limited, to furnish to you for the information of the Conference a proposal which it is intended to submit on behalf of the company to the Imperial Government, and to the Governments of Canada, Victoria, New South Wales, Queensland, Australia, Western Australia, New Zealand, and Tasmania.

"We are also deputed to attend the sittings of the Conference in person, if desired, in order to give any further information that may be wished for.

"PROPOSAL.

"The company to lay and maintain a cable from Vancouver Island to Australia, touching at the Sandwich Islands, Fanning Island, Samoa, Fiji, and New Zealand.

"The company to reduce the existing through rates from Great Britain to Australasia by at least one-half.

"The Imperial Government and the Colonial Governments above referred to to furnish to the company, in such proportions as they may agree upon, a subsidy of £100,000 (one hundred thousand pounds) per annum for 25 years; each Government to have during that period, the free use of the company's cable for Government messages to the full amount of its proportion of the subsidy at current rates.

"The company to give Government messages precedence over ordinary messages.

"We have the honor to be, Sir, your obedient servants,

"MURRAY FINCH-HATTON.
"RANDOLPH C. WANT."

MR. HOFMEYR. I believe the Conference is bound to look upon this question not so much from a commercial as from a defensive point of view, and to do that we will have to take even a more comprehensive view than has been taken by Sir Samuel Griffith just now. I believe that the scheme proposed by Mr. Sandford Fleming is worthy of all consideration. We must look to some extent upon telegraphic communication for the safety of the Empire in time of war, no matter whether the cable would pay as a commercial undertaking or would not pay as such. If we do that we must not only look to the proposed Pacific cable for communication with Australia, but also to, I should not say an alternative, but a duplicate scheme of submarine communication. When I say this, I look particularly to my part of the Empire, that is to say, South Africa. Let us view the position of affairs at present as far as South Africa is concerned. It is pretty generally agreed that if war should break out the Suez Canal would be blocked. At the dinner given to the Conference by the Federation League it was stated by Lord Charles Beresford that in future not Constantinople, but Table Bay, would be the most important port to the Empire. I believe that statement would hardly be challenged by anyone, and if it is not challenged, then I think we have to examine what communication Table Bay has with the rest of the world. Table Bay is dependent for its telegraphic communication upon the Eastern Company's line, which comes down by the East Coast of Africa. It is laid in shallow water, and touches at many points of foreign territory, I cannot say how many, but very many points indeed. Now if in time of war the Suez Canal is blocked it stands to reason that all communication by this cable would be blocked too. It might be cut at various points. England might be at war with any European nation whose territory is touched by this cable; in other words, there would be no communication between England, the most important port of the British Empire, and the rest of the world; telegraphic communication would cease at once. I believe that would be a great calamity. All the trade from India, from China, and to a great extent, I believe, from Australia and from the Mauritius, the commercial business, in fact, of almost the whole of the eastern world, would have to pass by the Cape. Table Bay and our quarter of Africa would have to be called at by vessels in war time to get information as to what had occurred in Europe, but no such information could ever be obtained at the Cape—none whatever. The value of the Cape as an intelligence station would become very small indeed so long as we were dependent only upon this shallow water cable.

Then again, there are other smaller colonies also which are most important as intelligence stations, as, for example, St. Helena and Ascension. The value of Ascension and St. Helena depends upon their possessing the means of affording intelligence in time of war; but in time of war ships going to or returning from the east could learn nothing at St. Helena or Ascension, because there is no cable communication with either. There is no cable communication with the Mauritius either at the present time. The whole situation from a military and naval point of view seems to be most lamentable.

Now the remedy that would have to be proposed seems to me to be perfectly plain. Another cable would have to be laid, and that would have to be a deep sea cable. It should not be a shallow water one, as the cable laid upon the west coast of Africa as far as St. Paul de Loanda. I presume it would start from Gibraltar, touching as far as possible at the British colonies upon the West Coast, though not at so many as to become a shallow water cable, but certainly touching at Ascension and St. Helena and thence continuing to Table Bay. Thence we have a land telegraph to Durban, and then it would be a question whether it should not be continued to the Mauritius and thence to the coast of Western Australia, so as to render the

circle complete. I do not bring this forward as an alternative scheme, but as a duplicate one. I believe that by a rich empire like the British, an empire which would lose or gain so much in time of war, the question of whether a scheme of this kind is going to cost £200,000, or even £2,000,000 more or less, should not be taken into consideration. I think that to make the defence of the empire complete, we should in reality have a cable both across the Pacific Ocean, and another such as I have sketched, running through the Atlantic to the Cape, touching at St. Helena and at Ascension Island, going to Table Bay, and then from Durban to the Mauritius, and so to West Australia. Whether it is feasible or not it is not for me to say. It must be a deep sea line, and a deep sea line, although difficult to repair, is almost impossible to be cut by an enemy's cruiser. It could only be cut by a cruiser which had been specially equipped for the purpose, and such a cruiser could always be traced more or less if your Intelligence Department were anything like what it ought to be. I believe that from a military point of view the case of a deep sea cable as opposed to a shallow water cable, is altogether irrefutable. I make these remarks before the Conference because we have had a great deal of discussion on telegraphic communication from a merely commercial standpoint.

Sir ARTHUR BLYTH. Of course Mr. Hofmeyr would look for a very large Imperial contribution.

The PRESIDENT. A very large one, I am afraid.

Mr. HOFMEYR. It is an Imperial defence scheme, and even if you should not proceed to Table Bay but stop at St. Helena, I believe it would be a most important line, and that it should be carried out before the next war breaks out. Now Mr. Pender says these strategical lines should not be carried out before the next war breaks out. Well we have had cases of that kind. When the Zulu war broke out and the calamity at Isandula occurred, for weeks, indeed months, the safety of the Colony of Natal was in danger, but there was no communication; and Mr. Pender's plan of laying a strategical cable only after war breaks out was hit upon, but then the cable was incomplete even after the war was over and done. Up to the Zulu war Africa had no telegraphic communication with Europe whatever, only after the war had ended was there a cable laid to the Cape.

The PRESIDENT. I am sorry to interrupt, but as I have read a letter from the Pacific line it is only fair I should read a letter I have just received from the Eastern Extension, Australasia, and China Telegraph Company, Limited, and with that letter there are several other papers which I will have printed and circulated. I think probably the delegates, as it is a very important question, would all wish to have another meeting upon this question early next week, and by that time I will have the papers printed and circulated. The letter I have now received is from Mr. Pender, and it is as follows:—"Winchester House, 50, Old Broad Street, London, E.C., 18th April, 1887. Dear Sir Henry Holland,—I have the pleasure to send you the following papers: 1. A proposal to the Australasian Governments for a reduction of tariff under their guarantee. 2. Tables showing apportionment of the guarantee at a 4s. and 2s. 6d. tariff. The latter rate, however, would be entirely dependent on the assent of the Governments of India, Germany, and Russia, whose representatives are at present opposed to it, as they do not see their way to reduce the existing tariff of 4s. per word to India, and consider it would be most difficult to maintain such a tariff if the rate to Australia were reduced to 2s. 6d. Probably, however, a 4s. tariff will be a sufficient reduction for the moment, and if the change entailed no serious loss to the Governments the 2s. 6d. tariff might be considered later. 3. A memorandum relative to the proposed Pacific cable which accompanied the proposal to the colonies. 4. A memorandum in reply to Mr. Heaton's paper in the *Pall Mall Gazette*. The absurdity of his statement that a 1s. tariff between London and Australia would pay well is shown by the fact that outpayments which amount to 1s. per word would have to be made even at the low rate now prevailing across the Atlantic; but which rate, in all probability, before long, will be increased to 1s. 6d., in which case the outpayments alone would amount to 2s. per word. Further comment is unnecessary. If reference is in any way made

to the existing companies as a monopoly, my answer is that it has been so created by the great energy and enterprise with which the companies have carried on their extensions. It is true that the system has now become so widespread that no unaided combination could successfully compete with it, and we cannot for a moment imagine that Governments would subsidize an opposition scheme where the work is so thoroughly well done as it is by the existing companies. We have invariably followed the British flag and trade, and figures can be produced in proof of the enormous impetus the submarine telegraphs have given to the development of commerce between this country and the colonies. I would also draw your attention to the fact that while it has been made a monopoly through the circumstances I have stated, we have never used it as such, or in any sense in a narrow spirit. In war times we have generally carried telegrams for the wounded free of charge, and we also made the same concession during the Irish famine; and while the colonial exhibitions were going on the value of the telegrams carried free between the executives and the colonial Governments amounted to between £16,000 and £17,000. In addition to these, I could give you many other instances where we have acted in an equally liberal manner, and I hope when the question is discussed at the Conference that the above circumstances will be remembered. Our system is now very much in touch with Her Majesty's Government, and we have letters from the Foreign Office to the effect that whenever discussions take place in regard to submarine telegraphs we shall have full information on the subject, and representation during such discussion. I therefore hope that the Colonial Office, looking to the vast interests involved in the submarine telegraph system, will grant to the companies similar recognition on the present occasion. Faithfully yours, JOHN PENDER." I thought it best to read that letter as I have read the other letters, and the papers that came with it will be circulated and printed.

Sir WILLIAM FITZHERBERT. I understand it is suggested there should be an adjourned meeting upon this question, and it is proposed in the interval to have the papers printed and laid before the members of the Conference. I understand that this letter was presented yesterday.

The PRESIDENT. Yes, but I have not given orders yet for it to be printed, because it would have been useless to have had it printed for to-day—in fact, we could not have had it printed and distributed; but if there is to be another meeting, and if it is the wish of the delegates, we will have that paper printed and circulated with the other.

Sir WILLIAM FITZHERBERT. I should be glad if it were printed, and I should also be glad to say a few words upon this subject, than which I think none can be more important for our consideration. I think it is quite the accepted opinion amongst the Australian Colonies that a duplicate cable will have to be resorted to at an early period. I think there is quite, as Sir Samuel Griffith said, a consensus of opinion upon that subject. It appears to me that the proposals made and explained to us by Mr. Sandford Fleming are worthy of the very greatest attention. The purpose of this paper, I may say, is to meet a difficulty which has already presented itself in this discussion evidently to members of the Conference. For instance, as Mr. Raikes plainly explained to us, it would be a position that the Imperial Government could scarcely accept, of subsidizing a new line in competition with an existing line. This proposal (it is not a proposal of mine, but I was the bearer of it) is one which would obviate such a difficulty. It is one that I think I understood Sir John Downer by his remarks to indicate that he would be in favor of, namely, that the time would come when the Governments would have to undertake by a common action the enterprise of telegraphic communication. This paper enters upon that question, how far it enters into it in a manner in detail that would be satisfactory is another question, but at any rate the consideration itself is one well worthy of attention, it would solve many difficulties, and in doing that the question would not arise of subsidizing any competing line in competition with any existing line which has done good service to the colonies and to the empire at large.

The proposal would be to buy up that line as well for the safety of the empire and for general uninterrupted communication where it was desirable that there should be duplicate lines. But taking these points into consideration, I believe I am not misinformed when I say that now, upon the question of the life of cables, a totally different view is taken, from the scientific knowledge which late years have enabled us to throw upon the subject, that the average duration of the life of cables is much larger than it used to be considered; and in the next place that the cost of laying is very much smaller, although I am not prepared to say how much, because I might understate—but that it is very much smaller; and thirdly, that the time necessarily occupied in laying a cable is also very much reduced.

Now I think these are all three very important considerations, and I think the great proposal of the united effort of all the Governments to maintain, for the sake of the inhabitants of all those colonies and their connection with the mother country, the principle that such lines of communication should be in the hands of the Government, is one well worthy of the gravest consideration; and I say also it is on all fours with what has been done by the Imperial Government. They have seen the necessity—it has been urged upon them, and they have put it into practice—of buying up the telegraph lines; and I say that that meets the objection which we have heard very properly urged. The Eastern Extension Telegraph Company's directors have behaved with the greatest liberality, and the public, I believe, have benefitted in the past; and supposing such a proposal as this should eventuate, their claim should be considered in a fair spirit regarding any compensation. (Hear, hear.) I believe that therein lies the solution of the whole question upon broad and Imperial grounds.

Mr. DEAKIN. I do not know whether it is necessary at this stage, as we are to have further papers before us, to do more than make a very brief reference to the matter. I do not know whether without further consideration the Colony of Victoria would be prepared to take the long leap which Sir William Fitzherbert has proposed to us, though I do think that the proposition of the Eastern Extension Telegraph Company is deserving of the consideration of the colonies. But if there is one motive more than another that would weigh with the representatives at this Conference, it would be the idea of the Colonies acting as far as possible for their mutual benefit as integral parts of the Empire. (Hear, hear.) There can be no doubt that the splendid enterprise which the Canadian Government have displayed deserves the fullest recognition at the hands of the Governments of the other colonies and of the Imperial Government itself. In its own way Mr. Hofmeyr's proposal has very much to recommend it, so far as it relates to communication with Africa and Table Bay, but I doubt very much whether any connection with Australia from that quarter could be looked for for a very long period; the Canadian proposal does seem very much nearer. Of course the colonies will first look upon the matter from a commercial point of view. Whether the Pacific Company succeeds in entering upon actual operations or not it has already conferred a considerable benefit upon the Australian Colonies by bringing the Eastern Extension Telegraph Company into a much more liberal frame of mind than the liberal mind they have hitherto possessed. Then there is no question, looking upon it from a mercantile point of view, that the existence of two cables instead of one would be a very great advantage indeed to every person in Victoria who sends or receives messages. It would be an enormous commercial advantage if a second telegraphic cable were constructed. Again the Imperial question presents itself, but it has been so ably argued by Mr. Sandford Fleming that it is not necessary to refer to it now. He has made out an extremely good case for asking the Imperial Government to give special consideration to the arguments he has urged. I do not think that the Eastern Extension Telegraph Company can have any possible reason for objecting to the request of the Pacific Telegraph Company for a subsidy. The Eastern Extension Telegraph Company already receives a subsidy for its second cable to the Australian Colonies, for which we pay £30,000 a year. If, therefore, as it is really an Imperial matter, the Imperial Government or the Australian Colonies choose to pay a subsidy for a third cable by

another route, that is only carrying out the same principle as that upon which the Eastern Extension Telegraph Company has been already subsidized.

But, on the other hand, there is another important point raised by Sir John Downer, and that is that when we have been recognizing the enterprise of Canada we cannot possibly forget the enterprise of South Australia. Those are two main points for our consideration—how to combine the recognition of the Canadian and South Australian enterprise and the fullest conservation of Imperial interests with cheap and secure cable communication. It certainly would be an enormous advantage to the colonies to get this Pacific cable laid—it would be an enormous advantage commercially, and it would be an enormous advantage imperially. The Canadian Government deserves that recognition, while such a recognition clearly requires that the enterprise of South Australia should be also taken into consideration.

Sir SAUL SAMUEL. If a second cable can be carried out such as has been proposed through Canada it would be a very desirable thing in the interests of the Empire; there can be no doubt about that. But at the same time it is only right to point out what the present company has done. We are paying them, it is true, a subsidy of £32,400 a year for the second cable. To that neither the Colony of Queensland nor that of New Zealand contribute; it is borne entirely by New South Wales, Victoria, South Australia, and Western Australia. The cable was first laid by a company known as the British Australasian Cable Company, which has since merged into the Eastern Extension Company. That cable was laid without any subsidy. No subsidy, indeed, was asked for, and it is to the enterprise of the present Telegraph Company that for many years we have been indebted for cable communication to Australasia. That is a fact which I think ought not to be lost sight of in considering this question. The second cable was laid at the request of the four Australasian Governments; New Zealand was then one of the parties to the arrangement. The company agreed to lay a second cable for the reason that marine insects were constantly making such inroads and injuring the original cable that communication was frequently interrupted. It was the colonies who moved the Eastern Extension Company to lay a second cable, and they agreed to do so on the condition that they received a subsidy, the amount of which at the time was not considered unreasonable.

Now we have also to consider this. We were informed of the fact from the letter which has just been read to us by Sir Henry Holland written by Mr. Pender, that so far as the reduction in the charge goes a subsidy of £100,000 to the present company would, of course, bring about a great reduction in the charge, and would produce one even lower than that mentioned by the Pacific telegraph line. You would by paying the present company about £100,000 subsidy bring the charge down to something like 4s. per word.

The EARL OF ONSLOW. By making up the £119,000 you would bring down the charge to 4s.

Sir SAUL SAMUEL. I did not catch the figures aright in the first instance. At all events the giving of such a subsidy as is proposed would settle the question of the rate; that is to say, a subsidy of £100,000 paid to each company would secure a reduction in the charge per word. There is no doubt that the lines would be competing.

I am not going into the question of whether the proposal which Mr. Sandford Fleming has put before us is likely to be profitable or not if it were carried out; but I am quite certain of this, that you would have great difficulty in getting the Colonial Governments to grant a subsidy, such as is proposed, to any new company. It is only very recently that the Eastern Extension Company asked the Colonial Governments to extend the time for which their subsidy is payable for another six and a-half years upon certain conditions, but the offer was declined. I mention this as bearing very much upon the point now under discussion, and showing the feeling with regard to subsidies; and as the reason why I think we should have great difficulty in getting the colonies to grant a subsidy to any company. But if they did, it would doubtless be in the direction of the suggestion made by Sir William Fitzherbert,

of undertaking the laying of the cable for themselves, and making it entirely a Government matter. That may come about some day, but I presume there would be a difficulty in getting the colonies to make a fresh grant of a subsidy of £100,000, unless the Imperial Government were ready to pay half of it. If the Imperial Government, who have a large interest in the matter, would agree to contribute a quota, then possibly the Colonial Governments might see their way to contribute also; but when the Imperial Government hold back and do not feel inclined to help by a contribution, because it would be assisting the new company against the one already in existence, and with which it would be in competition, I think the Governments of the Australian Colonies would in all probability take up the same position.

Mr. DEAKIN. Might I ask one question with regard to what Sir Saul Samuel has said as to the effect of paying the £100,000 to the present Company? A paper which has been supplied to me bears out his statement, as I understand it.

The EARL OF ONSLOW. From the paper which I have before me it appears that the amount to be made up, if no increase in traffic took place, would be £119,000; but Mr. Pender assumes that there would be an immediate increase of traffic, and imagining the increase to be about 25 per cent., this paper shows that upon an increase of 25 per cent. the amount would be £103,000; and supposing that the traffic increased by 50 per cent. the amount would be £87,000; if it increased 75 per cent. the amount would be £71,000; and if it increased 100 per cent. the amount would be £55,000.

Mr. DEAKIN. It was anticipated by the company that there might be such an increase in a very short time. We have the same figures.

Sir SAUL SAMUEL. The figures which we have vary very slightly.

Mr. DEAKIN. As I understand, the company said that the probability was that in a very short time there would be an increase of business of 100 per cent., and that consequently the colonies' share of the subsidy of £55,000 would clear off the loss and obtain a further reduction.

Sir ARTHUR BLYTH. Mr. Finch-Hatton's letter mentions the price.

The EARL OF ONSLOW. To at least half the present price.

Mr. ROBINSON. I should like to address to the Conference a few observations upon the question which Sir William Fitzherbert has raised, and which I venture to think is even better befitting the consideration of an Imperial Conference than the rival schemes of competing companies.

It seems to me that we are all pretty generally agreed upon two points. The one is that the colonies generally are paying most exorbitant, most oppressive, and most unnecessarily high rates for their cable messages. The second point upon which I think we are agreed is that it is most desirable from any point of view that the colonies and the empire should not be dependent for their telegraphic communication upon lines which pass through foreign countries which possibly may become hostile. Those two considerations, in which I think we are agreed, point to only one conclusion, and that is that we should put ourselves in such a position as not only to secure lower rates for ourselves, but also a more complete immunity from risks of interruption than we possess at present in time of war. If we come to that conclusion, I would ask, does that not point to a particular policy, and that policy is, if I may venture to say so, the purchase by the Imperial Government of the submarine cables that connect the Empire together?

That, no doubt, seems upon the face of it a very large scheme, but when you come to look at it, I do not think really it is any larger than the other schemes which have been grappled with successfully by the Imperial Government. We have been told that all the cables of the world represent a cost of £37,000,000, which at 3 per cent. would work out at a charge of £1,110,000 per annum. The eagerness with which we find joint stock companies coming forward to lay down these cables may be taken as evidence that this form of enterprise pays, and if it pays joint stock companies it certainly must pay the British Government, and I have no doubt that if the figures were gone into it would be found that the Imperial Gov-

ernment would not only work these cables upon a more economic and effective system than they can be worked by a series of disjointed companies, but they would also work them in such a manner as would enable the colonies to maintain telegraphic communication between all parts of the Empire upon terms far more advantageous than those existing at present.

I should like to ask whether there is any possibility of such a proposal being entertained by the Imperial Government during the duration of this Conference?

The PRESIDENT. To that question I can unhesitatingly say no. I think it would be quite impossible for the Imperial Government to frame such a scheme at present without having further information. In the first place I should probably not be saying too much if I say that it is not at all likely that the Imperial Government would even consider such a scheme; but it is certainly absolutely impossible to consider it during the time that this Conference is sitting.

Mr. ROBINSON. I did not mean that they should consider any concrete scheme, but I wished to ask whether there was any possibility that any suggestion of such a scheme might lead up to such enquiries as possibly would at a future time, and perhaps no very distant future time, result in a fuller and more practical consideration of the question than has been given to it up to the present time.

The PRESIDENT. I can unhesitatingly say that if all the colonial delegates at this Conference were of opinion that it would be very desirable that the Imperial Government should buy up and manage the whole of the telegraphic system of the world, I would bring such a proposal before Her Majesty's Government; but I frankly say that I do not think there would be any chance of their entertaining such a suggestion.

Mr. ROBINSON. I am only speaking of the telegraphic lines which connect the mother country and the colonies.

The PRESIDENT. Practically it comes to all the telegraph companies in the world. For my own part I wish that such a scheme could be carried out, but I do not think practically there is any chance of its being done. But of course it would be my duty and pleasure to present to Her Majesty's Government any resolution of this Conference which bears upon the action of the Imperial Government, and I will undertake that such resolution shall receive careful consideration.

Mr. SANDFORD FLEMING. I think we are hardly in a position fully to discuss this matter until we have before us these various printed papers which have been referred to to-day.

The PRESIDENT. I hope the delegates will understand that it was not in my power to supply copies of these papers to-day, inasmuch as I have only received some of them since the Conference met this morning.

Sir PATRICK JENNINGS. I would ask to be allowed to address only a very few words in addition to what Sir Saul Samuel, with his very intimate knowledge of the preceding state of things in the colony, has said. What we wish to say on behalf of the colony of New South Wales is this: We fully sympathize with the views put forward by Mr. Fleming, and we recognize the desire to bring through British territory a further independent means of communication, in addition to the cables already made, by a route which can be practicable and highly desirable to Australasia and to the Empire. That is an abstract question as to which we should certainly highly sympathize with and approve of the views expressed by Mr. Sandford Fleming. With regard to the precise form in which it has come before us, it would be very difficult without more minute knowledge to express any opinion whatever upon it; but with regard to the abstract question I feel it to be my duty to say on my own part, and on behalf of my colleagues, that we have every sympathy with such a proposal, and we think if it could be brought about nothing could possibly form a stronger tie to bind the Empire together than by bringing the colonies into a telegraphic communication with the mother country, which would be practically independent, and safe from all risks of interference in time of war.

Mr. SERVICE. I desire to say that I concur generally in the remarks which have been made by Sir Patrick Jennings so far as Victoria is concerned. We are

very heartily in favor of another line of telegraphic communication being made. Whether this particular line which has been referred to from Vancouver is the right one or not is another question. We do not see our way at present to join in a new subsidy to this new line, and whilst we recognize all the commercial advantages that will flow from its construction I think that the time has come when the matter ought really to be considered as part of the question of the defence of the Empire, and so far I agree with the remarks which fell from Mr. Robinson. As I understood your answer, Sir Henry, you seemed to think that it might be outside the range of practical consideration that the Imperial Government should deal generally with the telegraphic lines, as you put it, all over the world; but I think Mr. Robinson put it very well in putting it as the lines connecting the British Empire. If the British Empire extends all over the world, that is not a fault of the argument. Our argument is that the Empire should be thoroughly consolidated. The Imperial Government has taken an important step based upon the principle which Mr. Robinson desires to see recognized, by the action which they have recently taken in not only subsidizing steamers which have been constructed, but in arranging with the owners of steamers and the steamship companies, actually to construct their vessels in such a way as would make them suitable for war purposes, if circumstances demanded their employment.

Now I think if there is one thing which the colonies feel uncomfortable about at the present time it is that the Empire is not in a proper state of defence. The colonies feel that very strongly, and it shows itself wherever there is any fear of an attack being made upon us by any of the continental nations. We constantly feel that we do not occupy such a position as we ought to do in the face of the world. But it is not only in the case of war that this feeling of insecurity affects us, but also in times of peace the consciousness that the Empire is not consolidated for purposes of defence as it ought to be, affects the interests especially no doubt of the colonies, but I venture to say also, to a large extent the interests of the United Kingdom as well. It affects their interests in every direction. There is constantly a consciousness that we have to seek for peace because we are not ready to defend ourselves against unjust aggression; it not only paralyzes the action of the colonial office and the foreign office, but I venture to think that its effects are felt at every court in Europe, and that every one of our ambassadors in discussing any matter affecting Imperial interests feels his hands weakened, and is paralyzed by the consciousness which he has gathered from his instructions which he receives from the authorities at home, that we are not prepared to defend our rights in our own persons. There is a very strong feeling in the colonies that there is on the part of the Imperial Government (I am not speaking of this present Government, but of the Government of the Empire) a tendency to fall back whenever there is any bold front opposed to us by a foreign nation. I think that this question of telegraphic communication ought to be dealt with from that point of view, and that it should be considered in the first place rather as a matter of defence than as a matter of commercial advantage. I think it would be well if this idea were considered by the Imperial Government, although it seemed to me, Sir, as it seemed to strike you at the time, at first sight, rather a startling proposition to make, that the Imperial Government should buy up all the telegraph cables. I confess I do not see myself that it would be possible at the present time to purchase the whole of the telegraphic cables; but there might be some modified method of dealing with them, somewhat in the same way as the steamship companies which have been referred to have been dealt with.

Now, with regard to the position of the two enterprising bodies who have assisted in laying down this Eastern Extension telegraph line, the private telegraph company and the South Australian Government, there is no doubt, I think, for various reasons, that the position of those parties would have at any rate a very fair claim to consideration. I remember some three years ago there was a gentleman from Tasmania, a Mr. Audley Coote, who had taken a great interest in this very line. He came to me at that time with a view of promoting the interests of this Pacific cable, and the first

thing I did in conversation with him was to raise this question about the South Australian Government, and the large expenditure which they had made on their land line. Of course my sympathies did not go entirely with South Australia as I believed she was influenced by feelings which were in existence in all the colonies in these days, when there was a sort of rivalry, and we thought that we were to grow up as separate nations, and I think that South Australia was rather glad to get a little bit of advantage over Queensland in the race, in having the line brought into their territory; I am not inclined to complain if they got some advantage from it; and I was glad to hear the handsome way in which Sir Samuel Griffith referred to the matter this morning. At the time when Mr. Audley Coote introduced this question to me I said: "We will not discuss this matter until you go to Adelaide, and submit to them the proposals in connection with the present land line." I mention this in order to show Sir John Downer, and the people of Adelaide, that the colonies have now developed a very different spirit from that which actuated them at the time when this cable was laid; that there is now a desire to work together, and that we would be disposed fairly to consider the position of South Australia in the event of the second line being made.

Now, with respect to the Eastern Extension Company, there is no doubt at all that they started this line of communication originally, entirely with a view to private interests; they have promoted it and extended it with that object in view. Mr. Pender's minute refers to the fact of their having "invariably followed the British flag and trade" of the Empire, and they did so of course, because that was the direction in which it would pay the company best to extend their lines. There is no doubt that this company is as all these companies are, a purely selfish undertaking promoted for its own objects. But I do not mean to say even in this case that they should not receive fair consideration, because I think it is desirable in the interests of the Governments themselves, and in the interests of the peoples of Great Britain, that we should show a certain regard to such a spirit of enterprise as was manifested by this company, although this company must at the time of its original inception have taken into account the possibilities which are now accruing; that is to say, of competition and the subsequent loss on account of that competition. And in the face of those facts, although the first impulse of the company was no doubt directed entirely by pecuniary considerations, I still think that it is to the advantage of the Empire at large that we should encourage enterprises of this kind; therefore when a case of this sort arises, although the company have no legal claim, and I do not know that they even have any moral claim, yet I think that they have a claim upon the grounds of expediency, and that looking at the matter from our own point of view we should show to them, or rather through them to the world, and to speculators at large, that we are inclined to encourage enterprise of this sort, and that when, if people will take their life into their hands, as they do in a certain sense when they go out on an enterprise of this kind, should circumstances prove exceedingly unfavorable from lapse of time or other causes, the Government will treat them in a fair and liberal spirit. I therefore think that we ought to approach the question in the manner which I have indicated.

Now, with respect to the remarks which were made by Mr. Hofmeyr about the other line, first I wish to say that I concur in everything that he said about the line down the West Coast of Africa, perhaps I should not describe it as going down the coast of Africa—I mean, of course, a deep sea line. It seems to me an absolute necessity to have such a line, but I think carrying that line beyond Table Bay to Mauritius would be a great mistake. In so doing we should have to pass Madagascar, where we might perhaps be laying ourselves open to hostile operations. It is desirable undoubtedly to connect with Mauritius, but I fancy that that connection would be best opened from the west coast of Australia, without communicating between the Mauritius and Africa.

But, Sir, I want very much to press this matter upon you as one worthy of consideration, rather from the point of view of the defence of the Empire, than from the point of view of commerce. The aspiration of the colonies is in this direction

as we feel our growing strength; we feel that the Empire has a great deal to contend with, and we sympathize fully with the Imperial Government in its contention with the great difficulties it has to meet in carrying out the policy of peace which we all feel to be the desirable policy to carry out; but at the same time we do not want to be regarded in all the courts of Europe with a certain amount of contempt, or that when we have just claims for consideration with foreign Governments those claims should be ignored or treated with contumely or indifference. We quite agree that we ought to adopt a peaceful policy, but we feel very strongly that we ought neither to submit to injustice nor feel ashamed to hold up our heads.

The PRESIDENT. With regard to that point I may state that it was rather thought that the question of telegraphic communication from the point of view of the defence of the Empire might be discussed on Thursday when Mr. Stanhope will attend, together with Colonel Brakenbury, who has paid a great deal of attention to the question of telegraphic communication in connection with defence. I have, therefore, rather kept out of that branch of the subject, and regarded this meeting to-day as dealing with the question of telegraphic communication from the commercial point of view; and I understand that was also mainly the point of view of Mr Fleming when he dealt with the importance of connecting the distant parts of the Empire with the mother country.

Mr. SERVICE. Although that is, in my opinion, a secondary consideration, it is, of course, a most important one.

The PRESIDENT. I merely wish to say that I have not touched upon the question of defence because I thought that we should probably touch upon it more conveniently next Thursday.

Mr. SERVICE. If I might make one remark upon what Mr. Fleming said, I think he overleaped himself a little in his calculations, and narrowed them down too much. The present rate of telegraphic communication between the West Coast of America and England is not likely to be maintained. I think the present charge is entirely to be attributed to the action of the Bennett-Mackay cable which has within the last few months reduced the rates across the Atlantic to 6*l*., but that rate cannot pay them at all. Of course people who can afford it may for a time introduce a low rate to cut the throat of their rivals, but it cannot last. I quite agree with the letter of Mr. Pender, which was also borne out by the remarks of Sir Saul Samuel as regards the Pacific line of telegraph, that we were to regard that proposal as something equivalent to half the present rates.

Mr. SANDFORD FLEMING. I trust I may have an opportunity when this question comes up again of adding something to what I have already said. But I wish now to make one correction with regard to what has been said to-day. A gentleman on your left hand (Mr. Patey) used the expression "Mr. Fleming's Company." I wish it to be understood that I am not promoting any particular company. I am here only representing Canada, and am endeavoring to promote to the best of my ability a work which I believe to be absolutely necessary for the security and prosperity of the British Empire. With regard to the company which has been referred to, I was opposed to being connected with it; I allowed my name to be used along with that of two other Canadian gentlemen as signatories simply, because we were strongly prevailed upon to do so, but I have now nothing to do with the company, and am not advocating that company here at all to-day.

Sir F. DILLON BELL. There is one point upon which I think it is desirable that we should clearly understand the views of Her Majesty's Government before we resume the consideration of this matter. What I am going to say arises out of remarks which fell from Mr. Raikes. I think we all understood Mr. Raikes to say that while he looked with sympathy upon the proposal of a duplicate line through Canadian territory which had been brought forward by Mr. Fleming, Her Majesty's Government would not under any circumstances now assist in entering into competition against the present Eastern Extension Company by the formation of such a line.

Sir ALEXANDER CAMPBELL. I think Mr. Raikes reserved that point for consideration. He was very guarded in what he said upon that point.

Sir F. DILLON BELL. Yes; but it immediately elicited the question which was asked by Mr. Deakin, whether Mr. Raikes was speaking personally or in his official capacity as Postmaster General. It is most essential that we should clearly understand what the view of Her Majesty's Government is upon that point, because several of us have been on previous occasions in communication with the Canadian Government upon this question of a Canadian cable. Several meetings have been held with regard to the scheme, and Sir Arthur Blyth and Sir Saul Samuel will remember one where the High Commissioner of Canada called us together for the purpose of seeing whether there was any prospect of the Australasian Colonies entering into it with the Canadian Government. What we all on behalf of the Australasian Governments then said to the Canadian Government was this: That the first point to be decided before any step at all of the kind could be thought of, was whether Her Majesty's Government would enter into the scheme for the cable to be laid, not by a private company, but as a matter of Imperial defence; and I perfectly remember the remark being made (I cannot be sure which of the agents general made it, but I think it was Sir Arthur Blyth) that in the event of a war breaking out and the eastern cable being cut, if any disaster happened, we should have precisely the same state of things as occurred in the case of the Cape, and we thought the Imperial and the Australasian Governments would then undoubtedly lay a second cable to prevent the recurrence of such a disaster. What we wanted to know then was what the view of the Imperial Government would be upon that point; and what I venture to ask the president to consider before we meet again is this: Quite apart from the question of subsidizing any private company, would the Imperial Government be inclined to join the Australasian Governments in creating a cable communication through Canada to Australasia?

The PRESIDENT. Just let me be sure that I quite understand you. Do I rightly understand you to ask whether Her Majesty's Government would consent to join with the Australasian Colonies to lay and maintain a line from Vancouver Island to Australia, there being no company in the case, but the Governments supporting it?

Sir F. DILLON BELL. Yes; and I asked the question for the reason that was clearly pointed out at the meetings to which I have referred. We said then: So far as we can form an opinion, we will have nothing whatever to do with any scheme for forming or subsidizing any private company at all. If a second line has to be constructed to connect England with Australia by way of Canada, it ought to be entirely a Government line; and we put the question to the promoters with whom we were placed in communication by the High Commissioner at that time, but have never received any answer. We then said: Why should we give a private company a subsidy of £100,000 a year to lay down a line, when, if the line is a necessity for us, and if, as is alleged, such a line would pay, we can raise the money ourselves, and make it as a Government line much cheaper than the cost which you are now speaking of? We should then possess what you offer us as a great favor, namely, the right of secret communication over a Government cable, and at the same time we should be the recipients of whatever commercial receipts the construction of a second cable would produce. Therefore, Sir, I venture respectfully to ask that when we meet again we should know what the views of Her Majesty's Government would be upon that point. I think we should be all agreed in saying that while on the one hand, if Her Majesty's Government would enter into it, the scheme would receive a large amount of favorable consideration in Australasia; on the other hand, it is quite certain that the Australasian Colonies would not enter into it if Her Majesty's Government was not also a party to it. We should certainly not entertain the scheme of constructing a second cable at our own cost, nor unless the Imperial Government was prepared to bear its full share.

The PRESIDENT. Do I understand you to say that if the Imperial Government does not fall in with what is suggested and join with the Australasian Governments and Canadian Government to lay down and maintain a line between Vancouver and

Australia, it may be taken that the Colonial Governments will not in any way in their own interests subsidize this company which has been proposed?

Sir F. DILLON BELL. That is the statement I make.

The PRESIDENT. I may be quite wrong, but that is not at all the inference which I have drawn from what has been said. As I understand, it has been regarded as an absolutely open question, and some gentlemen have argued upon the assumption that it would be to the interest of the colonies which they represent to maintain this line, due care being taken to guard the interest of the line already working there.

Mr. SERVICE. The question suggests itself—why should it be to our interests to have such a line, and not to the interests of the British merchants and of the public here also?

The PRESIDENT It is quite possible that it may be to the interests of the Colonial Governments to give a subsidy, although it is not to the interest of the Imperial Government to do so.

Mr. SERVICE. But I venture to say in the first place it would be no use to think of it without a contribution from the Imperial Government, because (and I can certainly corroborate thoroughly what Sir Dillon Bell has said so far as this point is concerned) the colonies would never think of contributing the whole of the £100,000. There is not the slightest probability of the scheme being carried out unless the Imperial Government would contributed their quota.

The PRESIDENT. There are two distinct points. There is, first, the question of the Imperial Government subsidizing a company. Taking what Mr. Raikes said, speaking from the post office point of view, I gather that that suggestion would not be received with very great favor, because it would be considered that the Imperial Government was subsidizing a company which would be a rival to an existing telegraph company. But now another question has been raised, which is whether the Imperial Government would be prepared to join with the Colonial Government in laying down and maintaining a telegraph line between Vancouver and Australia.

Sir ARTHUR BLYTH. Making it their own in act.

The PRESIDENT. Not for reasons of commercial advantage but on grounds of defence.

Sir PATRICK JENNINGS. I think Sir Dillon Bell has clearly stated that the colonies would not give any subsidy towards this company unless the Imperial Government also contributed their share.

The PRESIDENT. I am quite prepared to accept that as the opinion of the delegates; I only wish to say I had not gathered it from what had passed before, nor do I see why the Australasian Governments should finally pledge themselves to the Imperial Government at a meeting of this kind, before the question has been fully considered.

Sir F. DILLON BELL. The point which I respectfully asked should be considered was simply the financial point which was referred to by Mr. Service. It would be quite hopeless to suppose that a second line could be laid down from Vancouver to Australia at any cost which would require much less than £100,000 a year, whether in the way of subsidy or in the way of interest upon the money raised by the Governments; and I venture to press this point that in case the scheme comes before us when we meet again in the form of a proposal that Australasia should find the £100,000 for the proposed line, whether in the shape of subsidy or as interest, or as a guarantee without the Imperial Government taking its part, we should certainly not think of adopting it.

Mr. SERVICE. There is another point to which I would direct attention. The Imperial Government have naturally a reluctance to extend the field of their operations in directions of that sort, but it might be quite possible that if the principle were agreed upon that the Imperial Government would contribute towards it as being a matter of Imperial defence, the labor of constructing the line might be placed upon the shoulders of the colonies, and the working of it might be thrown upon them as it is proposed to throw the government of New Guinea upon the Queensland Colony so as to relieve the Imperial Government from the labor of the work.

The PRESIDENT. I do not think that that would be the point upon which the difficulty would arise. The point which Sir Francis Bell has raised is one of principle, namely, whether the Imperial Government would be prepared to join (subject of course to the detail such as you mentioned being accepted) with the Australasian Governments in laying down and maintaining the cable from Vancouver to Australia. Whether we should lay it with our vessels or whether you would, and what the proportion of payment should be, are matters as to which it would be impossible to come to a conclusion without having many more details before us than we have at present.

Sir ARTHUR BLYTH. You must see that if you begin granting subsidies you would hardly know what to do; there will be Mr. Hofmeyr with his Cape scheme, and various others.

Mr. HOFMEYR. That may be a separate thing, but it will have to be done.

Mr. DEAKIN. Before we separate, all the representatives of the colonies, I think, will unanimously agree in formally asking you, Sir Henry, following the hint which you gave at the commencement of the sitting, to make strong representations to the India Office with regard to the exceptional charges made at present upon all telegraphic messages passing through India. The Colonial Office, I am informed, has, owing to the past action of the Postmaster General, all the details as to the charge of 7½d. made upon our telegrams, while they carry those of people within their borders the same distance for ½d. This is an entirely unfair tax, and in view of the relations between the mother country and the Australian colonies, amounts to what might be almost called an unfriendly act, or at all events an anti-Imperial act. I submit that at the time when we are drawing the bonds between the mother country and the colonies closer than they have hitherto been, such a difference of charge imposed by one British possession upon communications passing to the other is surely altogether indefensible.

The PRESIDENT. Since what has passed here this morning, I have caused a communication to be prepared for the India Office, to ask them fully to state their reasons, and at the next meeting I hope we may be able to lay those reasons before you.

Mr. DEAKIN. I hope at the next meeting you will have a formal statement.

The PRESIDENT. As very important questions have been raised to-day, I must suggest to the delegates whether it would not be well for them to meet and to put in writing the proposal which has just been suggested for the consideration of Her Majesty's Government. I think it would come more effectively through me, as the desire and expression of the wish of the colonial representatives—of course it would come with much more pressure and more force, and would justly carry more weight than if I were merely to state it as president of the meeting. I would therefore respectfully suggest that you should meet as soon as possible and give me in writing the proposition that is, as far as I can see, unanimously agreed to by the delegates with respect to the action of the Imperial Government in conjunction with the Colonial Governments.

Mr. DEAKIN. In what respect?

The PRESIDENT. In relation to the cable. You have asked whether Her Majesty's Government, on defensive and Imperial views, would be prepared to join the Colonial Governments in laying down, subject to details, and maintaining a line from Vancouver's to Australasia; that is to say, in other words, to have a Government line irrespective of a company.

Mr. DEAKIN. I would be most happy to ask for the information, but I would not be disposed to convey the impression that the Government of Victoria would agree to it.

The PRESIDENT. I understood it was the wish of the delegates to ascertain whether the Imperial Government would be prepared to unite with the Colonial Governments for defensive and Imperial purposes in laying down a line from Vancouver's to Australia; whether it would come to anything is another question, and what I would desire to submit to the delegates is that it would be as well if the delegates would meet and put their request into writing.

Sir SAMUEL GRIFFITH. I do not know how it could be better put in writing than as you have just read it.

The PRESIDENT. I want it to come from you instead of from me.

Sir SAMUEL GRIFFITH. I do not know that we should see our way to committing ourselves to any definite statement.

The PRESIDENT. That is just the point. You are asking me to lay down a proposition without being able to say that the Colonial Governments are committed to it for their part.

Sir. SAMUEL GRIFFITH. Mr. Raikes told us this morning that from one point of view the Government will not entertain the question.

The PRESIDENT. They will not subsidize a company—that was the post office point of view.

Sir SAMUEL GRIFFITH. You are leaving open the inference that there might be other points of view in which they would entertain it—if the Imperial Government say: Under no circumstances will we consider the question, there is an end of it.

Sir JOHN DOWNER. I understand Sir F. Dillon Bell to say that the general feeling of the gentlemen present was in favor of the proposition.

Sir F. DILLON BELL. No, I did not say that; what I said was that if Her Majesty's Government were willing to consider the proposal of a duplicate line as a Government line to Australia, on common grounds for defensive purposes, that is a thing that would probably receive favorable consideration in Australia; but we want to know first what scheme would meet with encouragement, because if the Imperial Government say what the Postmaster General says, "No, we cannot enter into the scheme, and give our quota of the £100,000," taking it roughly at £50,000, then *cadit quæstio.*

The PRESIDENT. So far as regards "favorable consideration;" naturally Her Majesty's Government would say they would favorably consider anything that was brought before them by the Conference. The Government would consider the matter favorably, but that is a very different thing from saying that they would join in anything brought before them by the Australian Governments.

Sir FRANCIS DILLON BELL. No, I did not say that.

The PRESIDENT. That is exactly why I wished the delegates would meet and put in writing what they wanted me to submit to Her Majesty's Government. I am so afraid of misleading either the Colonial Governments or Her Majesty's. Now for instance the words "favorable consideration" have just been introduced. Her Majesty's Government may very well "favorably consider," but it all depends upon what representation is made by the Colonial Governments—whether they will all combine. You were asking previously whether Her Majesty's Government would join.

Sir FRANCIS [illegible]ELL. That is why I put the question.

The PRES[illegible]. I had put that question, I am not quite sure that it is a question wh[illegible] have met the views of all the delegates.

Sir SA[illegible]IFFITH. I do not think any of us is disposed to commit himself to a definite statement. The only question is whether it is worth while to pursue the subject.

The PRESIDENT. Is there any objection on the part of the delegates to meet and submit a resolution in writing?

Sir SAMUEL GRIFFITH. The difficulty is to agree upon the resolution.

Sir ALEXANDER CAMPBELL. We can agree to ask the question.

Mr. SERVICE. My view is that your own words are the right thing; you say we had better write them.

The PRESIDENT. I ask you as delegates to present to me as president a request that I will put this question, you writing it out, to Her Majesty's Government for their information. It does not bind anybody, but has an important bearing upon the questions which are submitted to the Conference.

Sir WILLIAM FITZHERBERT. It seems to me a most reasonable proposal.

Sir ALEXANDER CAMPBELL. I desire to say that the name of the company being mentioned was merely accidental. We are perfectly content, but we think its

being a Government work would be more acceptable than being the work of a company as proposed by Mr. Fleming.

Sir PATRICK JENNINGS. I am bound to say that we could not commit ourselves to any definite proposal on behalf of our Government.

The PRESIDENT. Certainly not. If it is desired that this question should be raised (of course, I could not undertake that there should be an answer given to it directly) I should expect it to be put in writing and handed to me.

III—4.

WEDNESDAY, 27th April, 1887.

Present:

The Right Hon. Sir Henry T. Holland, Bart., G.C.M.G., M.P., Secretary of State for the Colonies, President.
The Right Hon. Henry Cecil Raikes, M.P., Postmaster General.
The Right Hon. the Earl of Onslow, Under Secretary of State for the Colonies.
The Hon. R. H. Meade, C.B. } Assistant Under Secretaries of State for the Colonies.
Mr. John Bramston, C.B. }
Mr. Stevenson A. Blackwood, C.B., Secretary of the Post Office.
Mr. C. H. B. Patey, C.B. } Assistant Secretaries to the Post Office.
Mr. Edward H. Rea. }

REPRESENTATIVES:—

Newfoundland:—
Sir Robert Thorburn, K.C.M.G., Premier.
Sir Ambrose Shea, K.C.M.G.

Canada:—
Sir Alexander Campbell, K.C.M.G., Lieutenant Governor of Ontario.
Mr. Sandford Fleming, C.M.G.

New South Wales:—
Sir Patrick Jennings, K.C.M.G., late Premier.
Sir Robert Wisdom, K.C.M.G., formerly Attorney General.
Sir Saul Samuel, K.C.M.G., C.B., Agent General.

Tasmania:—
Mr. John Stokell Dodds, late Attorney General.
Mr. Adye Douglas, Agent General.

Cape of Good Hope:—
Mr. Jan Hendrick Hofmeyr.
Sir Charles Mills, K.C.M.G., C.B., Agent General.

South Australia:—
Sir John William Downer, K.C.M.G., Q.C., Premier.
Sir Arthur Blyth, K.C.M.G., C.B., Agent General.

New Zealand:—
Sir Francis Dillon Bell, K.C.M.G., C.B., Agent General.
Sir William Fitzherbert, K.C.M.G., Speaker of the Legislative Council.

Victoria:—
Mr. Alfred Deakin, Chief Secretary.
Sir James Lorimer, K.C.M., Minister of Defence.
Sir Graham Berry, K.C.M.G., Agent General.
Mr. James Service, late Premier.

Queensland:—
Sir Samuel Walker Griffith, K.C.M.G., Q.C., Premier.
Sir James Garrick, K.C.M.G., Q.C., Agent General.

Western Australia:—
Mr. John Forrest, C.M.G., Commissioner of Crown Lands.
Mr. Septimus Burt.
Natal:—
Mr. John Robinson.
Mr. W. A. Baillie-Hamilton, Secretary to the Conference.

Mr. John Pender, of the Eastern Telegraph Company, was also present.

The PRESIDENT. Gentlemen,—I think we were to resume our discussion upon the telegraph cables this morning, and I have asked Mr. Pender to attend here, so that he may supplement, in any direction that he desires, the letters from him and his statements which have been already printed and distributed amongst the different delegates. It will also give an opportunity to any delegate to ask Mr. Pender any question which arises upon the papers. Have you, Mr. Pender, any observations that you would like to make to supplement what you have already stated?

Mr. PENDER. I have nothing really to supplement. I have put before the Colonial Governments, and also before the Delegates, papers setting forth my views as to the best mode of giving the colonies the cheapest system of telegraphy. I have since the delegates arrived in London written to them, inclosing copies of that scheme, and I have informed them that if they wanted any further information than I had given them in those papers, I should be prepared to meet them, either individually or collectively, to give them that information. I have not yet received a copy of Mr. Sandford Fleming's proposition, and therefore I am not in a position to make any suggestions or any remarks upon that paper; but I shall be prepared when I have read that paper, to go into the whole question. If it is a question of cheap telegrams, I am prepared to show you how you can get cheaper telegrams through my system than through any other system. If it is for Government or strategical purposes that an alternative communication is required, I am quite prepared to deal with it from that point of view, because I hold that the system which I now have the honor to preside over contributes largely at the present time to strategical purposes. We have connected our great strongholds in the Mediterranean, Gibraltar and Malta; we have connected Aden; we have connected the Cape; and we have done more for strategical purposes than any new company could possibly do. I hold that we, being the pioneers of telegraphy, are entitled to full consideration. If other competing companies are to come against us, let them come unsubsidized as we are, and I have no fear of meeting any such competition. But I put the whole question of competition aside. I look at the points strictly of what is going to serve the interests of the country all round. I think I shall be able, by the papers which are before you, to show that the system which I have in hand is the system which will best suit the country all round. When I have read the papers, I hope I shall have the opportunity of carrying on the discussion further than it is possible to do to-day. I am obliged to be in the city at half-past one o'clock, at the very latest, to preside over the half-yearly meeting of the Eastern Extension Telegraph Company, and therefore I doubt whether I can say anything more to-day upon the subject than I have just stated.

The PRESIDENT. I do not know whether Mr. Sandford Fleming objects to having the paper * that he read shown to Mr. Pender. Of course everything hitherto has been very strictly confidential, and therefore I have adhered to that rule pretty strictly; and I must say that I am very grateful to the delegates for the way in which they also have observed that rule that we laid down for ourselves. But I do not know whether this paper that Mr. Fleming read to us might be shown to Mr. Pender?

Mr. PENDER. I have spoken to Mr. Fleming, and Mr. Fleming told me to-day that he should be only too pleased that I should have a copy of this paper, and that he understood that a copy had been sent to me.

The PRESIDENT. What is your view about it Mr. Fleming?

* The paper referred to was a printed copy of Mr. Fleming's statements on April 19 and 20.

Mr. FLEMING. I have no objection whatever. On the contrary.

The PRESIDENT. Of course it is strictly confidential.

Mr. PENDER. Oh, yes.

A copy of the paper was handed to Mr. Pender.

Mr. FLEMING. I presume that the seal of secrecy is taken off?

The PRESIDENT. I think it must be handed to Mr. Pender as from yourself as strictly confidential. We have taken it off as regards Mr. Pender and yourself.

Mr. FLEMING. What I mean is this: that there is no reason now, I imagine, why this paper should not be sent to the authorities of Canada, for example.

The PRESIDENT. I should myself say that it would be much better that nothing should be publicly circulated at present, and it is for that reason that I should suggest that it should be handed to Mr. Pender as strictly confidential, because it contains criticisms of one of his letters which has been printed and circulated.

Sir ALEXANDER CAMPBELL. If I understand it, Mr. Fleming does not think that it should be communicated to Mr. Pender unless he has the opportunity also of communicating it further.

The PRESIDENT. Then we must withdraw it from Mr. Pender, because I do not think it ought to be communicated further. I would rather consult the delegates upon the question. Perhaps, Mr. Pender, you will kindly retire?

Mr. Pender retired.

The PRESIDENT. The case is shortly this: Up to the present moment, these papers have all been treated as confidential. One of the papers, which is presented by Mr. Fleming, contains a criticism upon one of the former printed papers which was handed in by Mr. Pender. It is not undesirable, perhaps, that Mr. Pender himself should see confidentially the criticisms (hear, hear) and that he should confidentially in the same way as other papers have been handed in, hand in an answer. But I should like to take the opinion of the delegates whether, because it is handed to Mr. Pender, it should be made a public paper. That is, as I understand, quite opposed to what we laid down for ourselves at the beginning of the Conference. (Hear, hear.) Therefore, if Mr. Fleming would prefer that it should not go to Mr. Pender unless it is made a public paper, I hope that the delegates will support me in the view that it should not be handed to Mr. Pender. (Hear, hear.)

Sir F. DILLON BELL. What we understood was, that Mr. Pender on the one hand, and Mr. Sandford Fleming and those engaged on behalf of the Canadian cable on the other hand, and also Mr. Henniker Heaton, should have the opportunity of seeing each other's papers, but only in a perfectly confidential manner.

The PRESIDENT. If it is strictly confidential; but Mr. Fleming wishes to go beyond that, and if he hands it to Mr. Pender to have it, as I understand, made public in Canada.

Sir F. DILLON BELL. I think, Sir, that we should support you in asking Mr. Fleming not to take that course. (Hear, hear.)

Mr. FORREST. It is understood that none of these papers are to be sent to our Governments?

The PRESIDENT. Yes. Every paper will be communicated confidentially to the Colonial Governments at the end of the Conference.

Mr. SERVICE. Do I correctly understand, Sir, that Mr Fleming is willing to give Mr. Pender a private copy of his paper; but that, if he does so, Mr. Fleming desires to be at liberty to circulate it in Canada? Because, if that be his position, then I say that Mr. Fleming ought to have the right to do whatever he likes with his own paper, and that we can have no objection to its being published if he thinks that it should be published. I think it is perfectly open to criticism, and will stand it. I can understand his objecting, and our all objecting, if Mr. Pender wished to publish Mr. Fleming's paper; but if Mr. Fleming himself is willing to publish it, is there any reason on the part of this Conference why we should object?

The PRESIDENT. I had understood that papers presented to this Conference were to be treated as confidential, at all events until the Conference was closed (hear, hear), and until we have an opportunity of considering the whole of the papers, and

preparing them for publication. Mr. Fleming's paper was presented like all other papers; it was a statement that was read to the Conference, and it became therefore a confidential paper. I am very loth to take off that seal of confidence unless there is some very clear and special reason which meets the views of all the delegates. (Hear, hear.) Mr. Fleming is fairly enough anxious that Mr. Pender should see the criticisms that he has made upon Mr. Pender's statement; but then he says, "If Mr. Pender sees it, I must make this public." I think the delegates are of opinion, so far as I can gather, that that should not be so; that it would be better to withhold the paper from Mr. Pender, unless Mr. Fleming is content that it should be shown to Mr. Pender alone.

Mr. FLEMING. Personally I have no objections whatever to Mr. Pender seeing the paper; I should like him to see it. But if Mr. Pender sees it, I think in the public interest others should see it as well as Mr. Pender. However, I leave it entirely in the hands of the Conference.

The PRESIDENT. That others will see it at a latter period is quite certain, because this is a paper which will unquestionably be published, and not only sent confidentially to the colonies, but this is a paper which, like many others, though confidential at present, will be made public as part of the documents of the Conference; and I do not think that the comparatively short delay will in any way affect your wishes, Mr. Fleming.

Mr. FLEMING. Not at all; in fact until now I thought Mr. Pender had received it, and I fully expected to find in the papers something from Mr. Pender in reply to what I submitted the other day. I leave it entirely with the Conference.

The PRESIDENT. Then, with the assent of the Conference, I will keep to the rule that we have laid down (hear, hear), but I do not understand that the delegates at all object to Mr. Pender's seeing this strictly confidentially. (Hear, hear.)

Sir ROBERT THORBURN. I think that it would be very well to adhere to the programme laid down in the beginning, and to treat all the papers alike as confidential. If we make an exception in favor of one it will get out, and discussion will arise in the public press, and I think it is very inexpedient that such should be done. If Her Majesty's Government desire confidentially to communicate any one of these papers to any of the Governments abroad, it could be done in a confidential manner, and very much safer done when the time comes when the documents can be submitted to the public.

Sir SAMUEL GRIFFITH. We desire to arrive at the truth, and to get all the information that we can. If we submit Mr. Fleming's paper to Mr. Pender confidentially, we shall get some additional information. The balance of advantage appears to me to be in favor of giving it to him.

The PRESIDENT. Provided that it is all confidential.

Sir JOHN DOWNER. I quite agree with you, Sir, that it would be very inexpedient to depart from the rule that has already been laid down. As a matter of convenience, Mr. Fleming read the paper, but of course it is substantially the same thing as if it were a speech delivered by him in the Conference; and as that speech was in a very large degree a reply to statements publicly made by Mr. Pender, the speech of Mr. Fleming would be of much more value both to himself and to us, I should imagine, if an opportunity were given to the gentleman commented upon to make, if necessary, a reply.

Mr. HOFMEYR. Is Mr. Fleming's paper in the nature of a published document? Is it not simply in the nature of a speech which, for personal reasons, I may say, was read by Mr. Fleming instead of being delivered extempore?

The PRESIDENT. That is exactly the case, as pointed out by Sir John Downer.

Mr. HOFMEYR. Mr. Fleming's speech having, for accidental reasons, been read instead of being spoken, should not the speeches of other speakers which have been delivered extemporaneously be also, by parity of reasoning, communicated to Mr. Pender and to all other persons mentioned in these speeches? (Hear, hear.)

The PRESIDENT. It really only affects Mr. Pender. It is a question of criticism upon Mr. Pender's letter which we may take as having been given in a speech of

Mr. Fleming's. What we propose is, that Mr. Fleming should be allowed confidentially to say: "Such and such criticisms were offered on your scheme in my speech, which speech, for convenience, has been printed"; and then Mr. Pender confidentially can return an answer, but it is not to go any further.

Mr. HOFMEYR. We may leave it in Mr. Fleming's own hands, I think to communicate privately.

The PRESIDENT. I think that we are all agreed that it should be communicated in that way to Mr. Pender alone. (Hear, hear.)

Mr. Pender was again called into the room.

The PRESIDENT (*to Mr. Pender*). You will have a copy of this paper confidentially submitted to you, and your answer will be treated as confidential; and I must ask you on the part of the delegates to observe that rule.

Mr. PENDER. Certainly, I will do so.

The PRESIDENT. It is as if Mr. Fleming had confidentially stated to you certain criticisms that he has made upon your statement. All our papers have been confidential up to this moment, and everything that passes in this room, I may say (as there are gentlemen here who are not delegates) is confidential.

Mr. PENDER. That shall be strictly adhered to.

The PRESIDENT. Mr. Pender will now be able to answer particular criticisms that have been made upon his scheme by Mr. Fleming, or to offer any statement in reply to Mr. Fleming. Would any delegate like to ask Mr. Pender anything before he goes? Would you, Mr. Fleming, like to ask Mr. Pender anything now?

Mr. FLEMING. I have no question to raise. I have seen, I believe, all that Mr. Pender has submitted to the Conference on the subject of the proposed alternative line, and I have dealt with it in the way set forth in the paper now handed to Mr. Pender. Probably Mr. Pender will have something further to say; and if so, I think he ought to have an opportunity of laying it before the Conference on another day.

Mr. PENDER. I shall be very glad to give a detailed reply to this communication, if you give me an opportunity of coming before the Conference and discussing the question, if it is to be discussed openly.

The PRESIDENT. Speaking broadly, I gather that Mr. Pender's view and that of the company that he represents is, that they can materially diminish the rates by their own lines between this country and the Australian colonies; but that there is no proposition on their part to lay a cable between Vancouver and Australia. That is not their scheme. Their scheme is to meet the proposition of the company to lay a cable between Vancouver and Australia, by saying that they can benefit Australia to the same extent, if not more, by a reduction of their rates along their own lines. That is, broadly speaking, your view, Mr. Pender, is it not?

Mr. PENDER. Exactly. I am prepared to give you a scheme for half the amount that you would subsidize another company for. I am prepared to give you a lower tariff than they could possibly give you by that double subsidy, as I call it, which they ask.

Mr. ADYE DOUGLAS. Provided that a guarantee is given.

Mr. PENDER. There are two modes of dealing with it, either by guarantee or by subsidy. I believe that if you were to adopt the system which I have laid before the Colonial Governments of a guarantee, there would be such a development of traffic as would make the guarantee all but nominal.

Mr. SERVICE. The scale of contribution from the various colonies which is shown by your printed document, which has been submitted to us, is at the 2s. 6d. per word rate, and the 4s. rate. Is that the scheme that you would propose to submit to us as being better than any that could be submitted by the Pacific Company, for example?

Mr. PENDER. Yes.

Mr. SERVICE. Or do you propose to place before us some other scheme?

Mr. PENDER. That scheme of the 4s. and 2s. 6d. rates, I believe, would give you the lowest tariffs that are possible to be given.

Mr. SERVICE. This 4s. tariff I have no hesitation in my own mind in believing that the Pacific Company could carry out. I think that some other proposal which has been submitted to us of 2s. a word is quite impossible; but I think that we might fairly conclude from what the Conference already knows, that an opposition company could carry out the 4s. tariff. It is proposed by another company to give us a tariff not more than that at all events for a very much less subsidy than that which you submit to us in this printed paper. Therefore, I would like to understand how it comes that your proposal can be more advantageous to the colonies than the proposal of the new company.

Mr. PENDER. As I have not read the proposition that has been made, I cannot answer it, but what I say is this: that knowing something of the working of the system, the proposition that I have made is a proposition that cannot be underbid.

The PRESIDENT. But, Mr. Pender, when you say that you have not seen the proposal, you have seen the memorandum relative to the proposed Pacific cable, because it is upon that proposal that you have made your criticisms.

Mr. PENDER. I have seen that memorandum.

The PRESIDENT. But what you have not seen is the further criticism upon your answer made by Mr. Fleming?

Mr. PENDER. Certainly.

The PRESIDENT. But you are speaking after having seen and considered the proposal of the Pacific Company, as I understand?

Mr. PENDER. Certainly. The proposition that I have made as against that, is lower than the proposition which I would call the competitive proposition. I give you a 4s. tariff. I give you, I think, for £75,000 what they ask £100,000 for. If you adopt a guarantee system I give you for £55,000 what they ask £100,000 for; and I am prepared to back up my opinion by taking part of the risk that would be naturally incurred in making that reduction. If, as I am told by colonial gentlemen, reducing the tariff to 4s. would give a corresponding increase of traffic, the amount of the guarantee required would be nominal, probably not amounting to more than a few thousand pounds.

Mr. SERVICE. You show £55,000 as the total contribution of the colonies, I think, supposing the traffic to be increased by 100 per cent. The proposal that you submit is entirely hypothetical; that is to say, it is based upon a certain increase of the traffic from 25 to 100 per cent.?

Mr. PENDER. Certainly.

Mr. SERVICE. Otherwise your offer is higher than the offer of the other company; that is to say, your absolute offer is £103,000, taking even an increase of 25 per cent. in the traffic. Their proposal is £100,000 without any reference to a hypothesis of any sort.

Mr. PENDER. What I say is this, if I may refer to my figures; that if you adopt the subsidy principle, I am prepared to give you a 4s. tariff for £75,000 a year. They offer you that 4s. tariff for £100,000 a year. Therefore, to begin with, there is a saving there of £25,000 a year.

Mr. SERVICE. You mean that that is a further proposal that you have to submit now?

Mr. PENDER. No, it has been submitted.

Sir SAMUEL GRIFFITH. Is that £75,000 in addition to the £32,000 which is now paid?

Mr. PENDER. Certainly.

Sir JOHN DOWNER. Then it is more than £100,000?

Mr. PENDER. The present sum of £32,000 was given by the Governments of New South Wales, Victoria, South Australia and Western Australia for the purpose of getting an additional cable. We provided that duplicate cable on condition of that payment. That cable was not required; we could have done six times the amount of traffic without that cable; but those colonies were so alive to the benefit that telegraphy conferred upon them that they wanted a certainty, or as near a certainty as it was possible to give them; and they showed their appreciation of the

system by offering us this £32,000. That is the reason why that stands distinct from the other proposition altogether.

Mr. DEAKIN. But the proposal of the Pacific Company is only that it should be paid a similar subsidy for a third cable, and a second route.

Mr. PENDER. What I say in regard to the Pacific Company is, that if they are to be subsidized, then you must subsidize the present system as well.

Mr. DEAKIN. You are subsidized.

Mr. PENDER. We are not subsidized. Our capital is £3,500,000; £32,000 is no subsidy for such a capital as that.

Sir SAMUEL GRIFFITH. I should like to ask Mr. Pender this question. In this proposal, the average receipts are stated and the average number of messages. Is not the number of messages very much increased during the last three years?

Mr. PENDER. There has been a very steady increase until about a year ago, and it so happens that the traffic went down just about the time that we reduced the tariff. We reduced the tariff by 1s. 4d. a word, and the traffic went down at the same time But, previously to that, there had been a steady increase, and to-day I am going to preside at a meeting, and I am going to declare a lower dividend than I declared last year because there has been a decrease in the tariff. I am glad to say that during the last two or three months, in the last month more particularly, in fact since you gentlemen have come here, we have had rather an increasing traffic, and I hope it will continue.

The PRESIDENT. Would Sir Samuel Griffith kindly give us the date of the proposal to which he alludes, so that it may go on the shorthand writer's notes?

Sir SAMUEL GRIFFITH. There is no date on it. It is one of the papers that was circulated yesterday, headed "Proposition of the Eastern Extension Company to the Australasian Colonies."

Sir SAUL SAMUEL. Perhaps Mr. Pender would explain now the guarantee system which he proposes?

Mr. PENDER. What I suggest is this: that if the colonies guarantee the present receipts on the last three years, I am prepared to make the rate what they please. I show them that if there is an increase of 50 per cent., the amount that they would require to pay would be £55,000. That, divided amongst the different colonies, would be comparatively a small sum compared to what they would be required to pay under the proposed subsidy of £100,000.

Sir SAUL SAMUEL. You mean for the 4s. rate?

Mr. PENDER. Yes; for the 4s. rate. I believe there will be a very large increase, and I am prepared to share, to a considerable extent, the risk to be taken in reducing the tariff to 4s.

Sir SAMUEL GRIFFITH. That is not contained in any of these propositions.

Mr. PENDER. No; that is supplementing the proposition that is now before you.

Sir SAMUEL GRIFFITH. To what extent would your company be prepared to share the risk?

Mr. PENDER. I would take one-fourth of the risk.

Sir F. DILLON BELL. How would you work that out in figures? What would the effect of that be upon the guarantee proposal that you have made?

Mr. PENDER. That would work out in this way: that if I take a risk of 25 per cent., I think it would entail upon the company something like 12,000 of the risk.

Mr. DEAKIN. Would you mind repeating that proposition?

Mr. PENDER. If you will allow me, I think I can read it from the paper. I have worked it out, gentlemen, at one-eighth, but that will be taking half the risk that I now propose, and you can double that. If there was no increase at all, the amount of the risk that we would take would be about £29,000. If there was 25 per cent. increase, the risk would be £24,000.

Mr. DEAKIN. Your risk?

Mr. PENDER. Our risk.

Sir JOHN DOWNER. Rather more.

Mr. PENDER. I am speaking roughly. If there was 50 per cent. increase, the company's risk would be £22,000. If there was 75 per cent. increase, the company's risk would be £15,000. If there was 100 per cent. increase, the company's risk would then be £12,000. That is taking a fourth of the risk at a 4s. tariff.

Sir JOHN DOWNER. It would be more, I think. Looking at these figures before us, I take it that supposing that the traffic increased 25 per cent., then the total subsidy would be £103,000, and 25 per cent. of that would be about £25,000. If it increased 50 per cent., the subsidy would be £87,000, and 25 per cent. of that would be about £22,000. If it increased 75 per cent., the subsidy would be £71,000, and 25 per cent. of that would be £18,000. If it increased 100 per cent., the subsidy would be £55,000, and then the contribution would be about £14,000.

Mr. DEAKIN. Or you can put it this way. If there is no increase, the company risks £29,000, and the colonies £37,000. If there is 25 per cent. of increase, the company risks £24,000, and the colonies £72,000. If there is an increase of 50 per cent., the company risks £22,000, and the colonies £66,000. If there is an increase of 75 per cent., the company risks £16,000 and the colonies £48,000.

Mr. PENDER. Yes, more or less.

Mr. DEAKIN. At 100 per cent. of increase, the company risks £12,000 and the colonies £36,000.

Sir JOHN DOWNER. £14,000 would be the company's risk.

Sir F. DILLON BELL. What I want to bring out is this—according to your proposal now to stand in for a risk of 25 per cent., may we not take your proposition to be amended in this way: that the guarantee would stand so that, if no increase took place, the total amount to be made up would be, in round numbers, about £87,000 by the colonies; and if there were 25 per cent. increase, in round numbers the amount to be made up by the colonies would be about £78,000?

Mr. PENDER. Yes

Sir F. DILLON BELL. If the increase was 50 per cent., the amount paid by the colonies would be £65,000; if it was 75 per cent. it would be £50,000; and if it was 100 per cent. it would be £42,000? We may understand your proposition now as being amended in that respect, so that if there were to be 50 per cent. additional increase, we should not have to pay more than £65,000 a year in round numbers?

Mr. PENDER. Yes.

Sir F. DILLON BELL. And if the traffic was doubled, not more than £42,000 would have to be contributed by the colonies?

Mr. PENDER. Certainly.

Sir SAUL SAMUEL. On a similar system we might have even a greater reduction in the rates.

Mr. PENDER. I made a suggestion of a reduction to 2s. 6d., and in that way the results of course would have been more onerous. But I would not recommend at the present moment the 2s. 6d. I think that the 4s. will be a good experiment, because if we go into the 2s. 6d., we have to deal with the Indian Government, we have to deal with the Russian Government, and with the Prussian Government; and consequently their interests, not being exactly the same as our interests, it might take some considerable time to bring that about. But if the 4s. were successful, then you may extend it to the amount of our pay-outs. All that we want is a similar amount to what we are receiving at present; and if that is assured to us we are satisfied.

Sir SAMUEL GRIFFITH. What do you pay out now?

Mr. PENDER. Our pay-outs now altogether amount to about 2s. 4d.

Sir JOHN DOWNER. If the Indian charges were reduced to the rate which is now charged in India for local Indian messages, what then would be the difference?

Mr. PENDER. If India were to put us upon the same footing that we are put on in England, by giving us a wire for ourselves across India, instead of paying £40,000 a year, we might pay under £5,000 a year; and I have offered on previous occasions in discussing this question to give this difference towards the reduction of the tariff.

Mr. SERVICE As a matter of passing interest, can you tell us the reason why the Indian Government insists upon that charge?

Mr. PENDER. They say, because they cannot afford to give it up. That is all.

The PRESIDENT. That is not a bad reason

Mr. FORREST. They charge more than for local telegrams?

Mr. PENDER. They have admitted that they work upon the lines of the British Government system, and that the British Government system so much per mile. I think that we pay them in this company £5 per mile for the wire. If we paid them £10 per mile for the wire, it being perhaps more difficult to maintain at that distance, we should still effect a saving of over £30,000. I have always urged, that it is a very hard thing to punish the Australian Colonies to the extent that they are punishing them for simply a transit wire. We do not deliver one message in India; it is simply for carrying the messages from sea-board to sea-board. We do not interfere with their traffic in any way.

Sir SAMUEL GRIFFITH. Supposing that the traffic, instead of increasing were to fall off, is it understood that the amount of the guarantee asked is to be a fixed sum of £119,000, or is the guarantee to cover the deficiency between the receipts at the new tariff, and the average receipts under the old tariff?

Mr. PENDER. The sum that you have to guarantee is a given sum. That sum continues whether the traffic is large or small. If the traffic should increase, it will tend to lower the guarantee; in fact, it will wipe out your guarantee altogether. If it goes down, you know the point that you start from, and that must be maintained.

Sir SAMUEL GRIFFITH. You say that the revenue on an average of three years, at 4s., is £63,983. Do you start with that as a fixed sum?

Mr. PENDER. We start with £183,228.

Sir SAMUEL GRIFFITH. And we are not under any circumstances to guarantee more than the difference between £63,983 and the average annual receipts for the last three years?

Mr. PENDER. You guarantee the full amount I have previously stated.

Sir SAMUEL GRIFFITH. But supposing that the average for the next three years, from some unexpected cause, was to be considerably reduced, and that the revenue you received, instead of being £63,000, was only, say, £50,000, who would sustain the loss of the other £13,000?

Mr. PENDER. The guarantors, of course.

Sir SAMUEL GRIFFITH. Then our guarantee might be for an unlimited amount up to 180,000?

Mr. PENDER. Yes, but that is very speculative. I do not believe that your colonies or your peoples are going to diminish in number. I do not believe that your trade is going to diminish. I see an enormous growth of it, and that growth will feed telegraphs. The progress of submarine telegraphs is very remarkable. When the Eastern Extension Company was formed, the one that we are now dealing with, there was a period in its history (we were the pioneers) when we could not give away the shares; we could not get people to take the shares, because they were afraid that they would be called upon to pay up upon shares which would give no return. The growth has been remarkable and very steady. It has gone up pretty much from the time we started 10 per cent. per annum; and my impression is, and I believe fairly, that within the next ten years our telegraphing will be largely increased. Therefore I am prepared to take the risk of the traffic falling off. I do not look forward to its going back, except temporarily. We went back, as I told you a little while ago, immediately after the Berlin Conference, but we are coming forward again. It takes time to recoup the reduction that we made, but there is a steady increase in the last three months.

Sir SAMUEL GRIFFITH. I asked the question because, in any case of a guarantee, it is always necessary to know the maximum amount that the guarantors may be called upon to pay.

Mr. PENDER. I am quite prepared to deal with it upon this principle. Take a fixed sum that you are going to guarantee, and I am quite prepared to deal with it.

Having such confidence in the growth, I am quite prepared to say, that should the traffic go back, we will adhere to the sum that we may fix as the amount of the guarantee, and we will not increase it.

Sir JOHN DOWNER. I do not see how you could increase it. Your proposal is to take the average receipts for the last three years, and that we should guarantee those during the continuance of this agreement. What Sir Samuel Griffith points out is, that if from any cause the traffic went very much below its present average instead of increasing, of course the guarantors would be responsible.

Mr. PENDER. Yes, only for the three years. We fix a sum now

Sir JOHN DOWNER. That is the average of the last three years Supposing that this agreement was made for five years, and the average was 100 per cent. below the previous three years, we should have to pay that guarantee.

Mr. PENDER. You have misunderstood my reply to Sir Samuel Griffith. What I say is this—that the guarantors will not be called upon for any sum in excess of the sum that we fix now as the average of the three years.

Sir JOHN DOWNER. Of course not.

Mr. PENDER That is what I meant. We take the risk of the traffic falling off.

Mr. ROBINSON. Am I right in assuming that you are prepared to extend this proposal to the South African Colonies?

Mr. PENDER. I have submitted a similar proposition to the Cape.

Mr. ROBINSON. In their case, of course, you do not incur these heavy intermediary charges that you incur in the case of the Australian Colonies. You have not to carry your line through India, or through other foreign countries; but you simply carry your own cable direct from Aden?

Mr. PENDER. Yes.

Mr. ROBINSON. Would the guaranteeing colony be liable to their full share of the guarantee in the event of the cable being interrupted for any considerable period?

Mr. PENDER. When the cable is interrupted, a certain time is given for repairs after which the guarantee would be suspended.

Sir F. DILLON BELL. We do not, I think, quite understand yet what the effect of your last proposal is. If you are yourself so confident that the traffic will not be permanently reduced, could you not see your way to amend your proposal, and say that, as in the case of an increase of traffic you will stand in for one-fourth of the difference, so you should also stand in for one-fourth of any reduction if the traffic was reduced? Would you put yourself in the position of speculating, so to speak, on the continuance of the present average sum? You have amended your proposal in this way; you propose that, instead of the amounts standing as they are in the printed paper, they should stand with the deduction of one-fourth, which you propose to take as the risk of the company. Is that not so?

Mr. PENDER. Yes.

Sir F. DILLON BELL. But as Sir Samuel Griffith pointed out, that would not affect the question if the traffic were reduced, and the colonies would still remain guarantors upon £119,000 to £183,000. Since you are yourself so confident of the traffic continuing, surely you could amend your proposition in regard to reduction of traffic as well as increase, and say that if the traffic is reduced the guarantee shall be reduced too?

Mr. PENDER. We are prepared to take one-fourth of the risk of reducing from the present rates to 4s., and the risk of the traffic falling off.

Mr. DEAKIN. Is not this average of three years that you speak of an average made upon rates which you have since reduced?

Mr. PENDER. I am quite prepared to take the average. In dealing with these documents, I think I took the average up to the end of 1885; I have no objection to take the average up to the end of 1886. In short I am prepared to discuss this question point by point with you with the view of arriving at such a solution as I think would give you what I have stated to be the cheapest possible telegraph system that you can find.

Mr. HOFMEYR. I suppose you would say that, although the population of Australia might go on increasing, and therefore the proceeds of telegraphic communication with Europe would probably not fall off, yet, if the Pacific line of cable were laid to Australia, or another line were laid *via* the Cape by the Mauritius and India to Australia, the chances are that the returns on your line may fall off, the increase of population notwithstanding?

Mr. PENDER. I do not know what the Government requires in the way of strategical lines, but I say that you could not spend money more foolishly than in putting down a competing cable, when, by applying half that you would require to give to the competing cable to the system now existing, you could get a lower rate than they could give you at the double rate. I think that it would be a waste of money.

Mr. HOFMEYR. But the question that I was putting was, whether there was not some possibility of the traffic on your line from Australia falling off if the Governments were foolish enough to lay such lines as I have just now mentioned on the recommendation of naval experts.

Mr. PENDER. If the Government were foolish enough to subsidize such a line our traffic would fall off by 50 per cent. But in settling this question now, I understand that it is to be settled for a period in which there will be no competing line.

Mr. HOFMEYR. I will put another question. I suppose we are agreed that all the systems of submarine telegraphic communication may be looked upon from two points of view, the commercial and the strategical. Suppose now that military experts and naval experts were to hold, that in the interest of the defence of the Empire it is highly necessary that a cable should be laid from Vancouver Island across the Pacific Ocean to Australia, or that, also for the defence of the Empire, a cable should be laid to the Cape of Good Hope, and from the Cape of Good Hope to the Mauritius and thence on to Australia, would you with any show of reason maintain that the Government should not take into consideration the opinions of those experts, but should resist the laying of such cables? Would you in the presence of such technical opinion given by experts hold that the proposals of the company, which for the present I may be allowed to say is represented by Mr. Fleming, were unreasonable and that the Government should not entertain them, the opinions of experts notwithstanding?

Mr. PENDER. If experts decide that for strategical purposes other cables are required to be laid, of course I cannot interfere with that question. But all I say would be this: that I would show them that if they are going to deal with cables for strategical purposes they cannot interfere with commercial and private enterprise without dealing with it, and to some extent protecting it. They might require, and I believe they would require, to take over the existing system altogether. If the Government are going to begin to lay cables on their own account, they must deal with companies who have now laid cables. As I said a little time ago, the present system has done an immense deal for the Government, and has met strategical purposes in many ways; but I go further and say this: that if the Government chose to adopt the whole system, out of the present system which has been created within the last few years, I think I could show them that there would be such a margin as would enable them to deal with the strategical question without calling very heavily upon the country for the money to provide it. However, that is a question that ought to be discussed, I think, on another occasion.

Mr. HOFMEYR. That is a question which we cannot decide without calling in naval and military experts, and I believe it will be discussed subsequently in the presence of such experts; but I only draw attention to this point to show that the Government may have to decide to lay such a cable, even although your present tariff may be a most reasonable tariff, and there may therefore be no reason for complaint on commercial grounds.

Mr. PENDER. I find from what has been brought out in the last few days that New Zealand, which has taken a very active part lately, and with whom we have had rather a warm controversy, admits the principle that if you are going to lay down a competing Pacific cable or cables for strategic purposes, you are bound to take up the existing system and deal with it.

Sir F. DILLON BELL. That has not been formally admitted yet.

Mr. PENDER. It has been suggested by New Zealand, and I think it is a very proper suggestion.

Mr. HOFMEYR. All this is a mere matter of contract, and I suppose that the principle that would apply to contracts on telegraphic communication would apply to contracts bearing on all other concerns of life.

Mr. PENDER. No; I think it has been the rule of all Governments, or of all honest Governments, that they never attempt to compete with private enterprise. If they are going to take possession of a system which has been created by private enterprise, they take it upon valuation, such as that upon which the land lines of England were taken over from three different companies. I had the honor of being connected with one of the companies, and the Government dealt with them in a fair and proper spirit.

Mr. HOFMEYR. Nobody proposes that if the Government should take over any or all of the cables, they should not pay a fair compensation.

Mr. PENDER. If they are going to deal with the cables they must deal with them as a whole. No Government would take the plums out of the pudding, and leave the dough. That would not do at all. You must take the thing as a whole. But, as I said just now, when the question comes to be discussed of the strategical positions of our coaling stations and the necessity of connecting those coaling stations by telegraph, I think I can show a scheme whereby the Government might adopt the whole system, and allow it to be worked pretty much by the people who understand it, and who are working it now, which would show a margin of profit under the Government guarantee. The Government would require to take the risk of the cables, which they would have to take in the case of their laying their own cables. I think I could show a very large margin of profit. The average income from the cables which I represent, our Eastern system from the Mediterranean to the Far East, is such that if we borrowed money at three and a-quarter per cent. or four per cent. which we should have no difficulty in getting under a Government guarantee, I could show a margin of something like a quarter of a million a year. Therefore, if the Government want to deal with the cables, I think, as I have already said, that I can show them how they could do it without drawing very heavily upon the Exchequer.

Mr. HOFMEYR. Your position is shortly this: that the Government have no right to lay another cable to Australia for strategical or other reasons, because the chances are that your company may suffer by the laying of such cables, unless the Government is prepared to make up whatever loss you may suffer in consequence?

Mr. PENDER. I say, that if I can show Her Majesty's Government and the Colonial Governments that I can give them a lower rate of tariff with a lower subsidy than they are prepared to give to a competing cable, such as that of the Pacific Company, it would be an unjust thing to the existing company, who were the pioneers, to subsidize a cable against them.

Sir JOHN DOWNER. What I wished to say was that I scarcely understood that when Mr. Pender was here, it was for the purpose of asking his assistance in discussing the expediency of adopting lines for the purpose of strategy; I rather think that the discussion is going a little beyond what we originally intended. What I wish to point out to Mr. Pender is this, referring more strictly to what I think we did require information from Mr. Pender upon: in the event of the profits of the company being increased by reason of this reduction in the tariff, that increase of course the company would retain. Our guarantee will involve no liability upon us by any increased revenue arising from the reduction, but that, as I say, the company will retain. That being so, I would suggest to Mr. Pender, would it not be possible for him to suggest a maximum liability on the part of the guarantors, so that they may know precisely the limits within which their liability would accrue? I think that Mr. Pender will have to come here again, as we shall need to have his reply upon the paper which has been read by Mr. Fleming; and perhaps Mr. Pender might at

the same time be prepared with some further proposition in regard to the point that I have mentioned.

Mr. PENDER. I have already suggested a very considerable reduction in the cost, but I have no objection to put it into figures and show perhaps more clearly than is now before the Conference, what the guarantee would really amount to. I think Sir John Downer's proposal would meet Sir Samuel Griffith's suggestion that there ought to be a limit as to the amount of the guarantee: so that there should be no risk beyond the risk that they understand at the present moment.

Sir JAMES GARRICK. I understand that it is clear now that our maximum guarantee is one-fourth less than the figures stated here. That is the conclusion I have arrived at from the discussion which has taken place. When the corrected figures are stated, I take it that the result will show that our maximum liability is 25 per cent. less than the figures stated here in this memorandum.

Mr. PENDER. Certainly.

Sir JAMES GARRICK. Could you tell us what rate of interest that would be upon the capital embarked—I mean upon the assumption of the reduction by 25 per cent.?

Mr. PENDER. I think it would considerably affect the dividend.

Sir JAMES GARRICK. What interest would this sum give upon the capital?

Mr. PENDER. The dividend we are now paying is only 6 per cent.

Sir JAMES GARRICK. Not more than that?

Mr. PENDER. No; we have to provide entirely for the renewal of these cables; these cables do not live for ever.

Sir SAMUEL GRIFFITH. Have you not made any allowance for amortization before arriving at the six per cent.?

Mr. PENDER. Yes. Then there is not only the renewing of the cables, but there is the annual expense of maintaining them.

Sir SAMUEL GRIFFITH. But I presume that is charged against the company before the dividend of six per cent. is declared? It is a net dividend of six per cent.?

Mr. PENDER. Yes.

Sir SAMUEL GRIFFITH. I want to ask with regard to the £32,000, the present guarantee—whether that is included in the average annual receipts of the company of £183,000?

Mr. PENDER. No, it is quite separate.

Sir SAMUEL GRIFFITH. These figures show this £119,000, as being in addition?

Mr. PENDER. Yes; all the subsidies that we have form part of our dividend, but are not included in the figures shown in the proposition.

Sir JOHN DOWNER. Supposing the traffic were less after this proposed change than it is at present, then the liability of the guarantors would be greater than any of these amounts, would it not?

Mr. PENDER. No, I think I have explained that already.

Sir JOHN DOWNER. Supposing that the traffic were only one-half of what it is at present, what would be the extent of the liability of the guarantors?

Mr. PENDER. The guarantors would have to make up to the amount that is arranged. If it is £103,000, and there is a falling off in the traffic, then they are only bound to pay £103,000; but if the traffic increased by 25 or 30 or 40 or 50 per cent. then the amount they will have to pay upon the guarantee decreases.

Mr. DEAKIN. It is a maximum guarantee—it may be less, but it cannot be more?

Mr. PENDER. Yes.

Sir JAMES GARRICK. I do not quite understand whether the 6 per cent. is on the reduced amounts or on the amounts that appear in this paper. You are now taking upon yourselves to the extent of 25 per cent. Is your dividend of 6 per cent. estimated upon your reduced amount, or upon the amount in the paper?

Mr. PENDER. It is on the amount in the paper.

Sir JAMES GARRICK. Your dividend of 6 per cent. would be reduced in certain contingencies by a fourth.

Mr. PENDER. Yes, unless the traffic increased.

Sir ROBERT WISDOM. What is the actual paid up capital of the Company?

Mr. PENDER. The capital of the company is £3,500,000.

Sir ROBERT WISDOM. That is all paid up, is it?

Mr. PENDER. That is all paid up.

Mr. SERVICE. I was going to ask a question upon another point which has been mentioned already, in respect to the moral obligations devolving upon this Conference in the way of recommending, and upon the various Governments in the way of acting; I mean, the moral responsibility of recognizing the existing claim, as it were, of the Eastern Company and deprecating the colonies paying a subsidy to another private company in fact, for the first time, for that is the way as I understand in which Mr. Pender puts it. He contends his company are getting no subsidy, and he protests against another company getting a subsidy against his company. Supposing it were argued, as I know it is very strongly, that the amount now paid by the Australian colonies of £32,000 is a subsidy; I should like to know how Mr. Pender gets over that argument. I know how he has already referred to it by saying that this contribution was given for the purpose of getting a duplicate cable laid down, but why did we agree in Australia to pay this money for the purpose of getting that duplicate cable? Because the original cable failed to give us telegraphic communication. That was the entire reason. I remember well the circumstances at the time, and it was simply the case that we were continually week after week, and sometimes for a week together (I am only speaking from memory, but I think I am right) without telegraphic communication; and therefore the cable as first laid down by the company was almost worse than useless, because it broke down very often at a time when both public and private business of an important character had been initiated but could not consequently be completed. Therefore the company approached the Australian colonies with the proposition that they would render this telegraphic communication more complete and perfect, if we would give them a subsidy. What we wanted all along was not a telegraphic cable; we wanted the telegraphic messages sent from England to Australia. For that duplicate cable we are now paying, and have to pay for the next 13 years, a sum of £32,000 to this company. I think it might be fairly argued that this is nothing more nor less than a subsidy paid by the colonies to this company, and if it be a subsidy to this company why should not the colonies, if they think that they can get additional advantages, offer a subsidy to another company?

Mr. PENDER. I may say in reply, that I think I should be prepared to show that the interruptions were not as great as you have just suggested, but your argument suits me in another way. It is true that we told you with regard to our present line that we could not guarantee its being always at work, and to secure that it would be necessary to duplicate the line, but that we could not afford to duplicate the line because the cable, as it was then in existence, was not fully employed, and we were not getting sufficient money at that time to enable us to lay a duplicate line. But what have we done since? We have duplicated the whole of our system, and we have never come to ask you for a shilling towards it. What are you going to do now? You have got a system duplicated, and in some instances triplicated. You are going to support a company whose undertaking is altogether based upon one line. That line is not to be relied upon any more than our line until it be duplicated—it could not be a certain line without been duplicated—and if they duplicate it, instead of requiring £100,000 from you, they will require double that amount.

Mr. SERVICE. Those are considerations, I think, for the Conference to discuss afterwards.

The PRESIDENT. I must observe that you have introduced them, and I think we must hear Mr. Pender's reply. We do not want an elaborate argument, but it is only fair to Mr. Pender that he should state his views in answer to the question you put—Why, on moral grounds, may not the colonies and the Imperial Government subsidize another new company? But I would ask Mr. Pender to make his answer short, because I think, as regard the moral grounds, we may trust to the Conference duly considering the matter.

Mr. PENDER. I will just conclude my remarks by saying, that I do not believe any system of telegraphy in these days can be relied upon unless it is duplicated. Therefore, in any arrangement that you may make, you must look to the duplication of the cable, and look at the cost of that duplication. Our system now is a good one. We have been told that our system is an antiquated system, and that we are paying dividends upon an exaggerated amount. The competing company, so far as I have seen from the papers and so on, points out that our cable cost £300 a mile, and that the competing company will lay down their cable for £200 a mile. The amount that we have spent upon our cables in duplicating or duplexing them stands in our book to-day as under £189 per mile as against £200 per mile which the competing company suggest as the cost for constructing their cable. So that our cables have cost less than is going to be paid for the new line.

Sir SAMUEL GRIFFITH. A great deal depends upon these figures, so perhaps I may be allowed to ask another question upon them. You said just now that the £183,228 average annual receipts includes the £36,000 subsidy from the colonies?

Mr. PENDER. No, you must have misunderstood me.

Sir SAMUEL GRIFFITH. Then you put down £63,900 as "Revenue at 4s. rate based on average of three years"; as I understand, that means the receipts for so many messages at 4s. a word as will make up that amount?

Mr. PENDER. Yes.

Sir SAMUEL GRIFFITH. But then to that £63,900 you must add the £36,000, the amount of the existing subsidies, and that will bring up your revenue to £100,000; and the amount then to be made up by the colonies would be only the difference between that £100,000, which you would still receive as you do now and the £183,000, so that the deficiency would [illegible] be £83,000 instead of £119,000, as it is put down on this paper—that makes a difference of £35,000 in the amount of the guarantee?

Mr. PENDER. I have already explained this.

Sir SAMUEL GRIFFITH. No, pardon me. You ask that your revenue may be maintained at £183,000; you will receive still the £36,000 guarantee, and you will receive £63,900 for receipts—that makes £100,000. Then there is only £83,000 more required to keep up your income at the proposed rate of 4s. with the present traffic. That reduces the amount to be guaranteed by £35,000.

Mr. PENDER. As I have already stated, the £32,000 subsidy forms no part of the figures given in the printed proposal.

Sir SAMUEL GRIFFITH. I only wanted to know whether these figures are correct.

Mr. PENDER. They are quite correct.

The PRESIDENT. We desire, without going too much into detail, to learn generally your views so as to enable the delegates to ask these questions as Sir Samuel Griffith has done, and receive your explanations. Of course it is impossible for us to go fully into the details on these questions, but we wish to get some general information about these figures.

Sir JAMES LORIMER. The figures in this paper have quite deceived us, if the answer just now made to Sir Samuel Griffith's question is correct. At the bottom of the page you will see the last column is headed "amount to be contributed in addition to existing subsidies." We find in the calculation you have not included the existing subsidy. If that £63,983 does not include the existing subsidy, the whole of the calculations must necessarily be wrong. I should like to ask Mr. Pender again, whether this amount of estimated receipts at the 4s. rate which comes out at £63,983 does or does not include the existing subsidy? I do not think it can.

Sir PATRICK JENNINGS. I understand Mr. Pender to say that the subsidy was put down as part of the ordinary receipts?

Mr. PENDER. I have already explained that the subsidy is not included in the figures.

The PRESIDENT. I see on this paper under the head of "apportionment of guarantee" the first column states the population of the various colonies, and the second column "existing subsidies paid by Australian Colonies to Eastern Extension

Company," of which the total is given as £36,600. The third column is headed "amount to be contributed in addition to existing subsidies."

Sir GRAHAM BERRY. At the top of the page, the average annual receipts are given as £183,228. That includes, as I understand, amounts received for messages and subsidies?

Mr. PENDER. No, as I have already stated.

Sir GRAHAM BERRY. Then the amount of £63,933 which comes immediately under it, is for messages without the subsidies; that is to say, it is the estimated receipts for so many messages at the 4s. rate?

Mr. PENDER. Yes.

Sir GRAHAM BERRY. Then it is quite clear that if one excludes the subsidy the other ought to exclude it also?

Mr. PENDER. Yes, so it does.

The PRESIDENT. I think we can hardly carry this point any further at this sitting with advantage; because Mr. Pender will have an opportunity after reading Mr. Fleming's paper, and considering what passed to-day, of presenting to us another confidential paper, and he might then deal with the question which has just been raised.

Mr. DODDS. There is one point I should like to have cleared up which has been incidentally touched upon. Tasmania at present contributes £4,200 as a subsidy. Under the second column at the 4s. tariff upon an increase of 25 per cent, she would be called upon to pay on the basis of population, as stated in the first column, another £4,559; that is to say, she would be paying altogether £8,759, as against the contribution of £9,873 which would be paid by the Colony of Queensland, for example, with a population nearly three times as large. What I want know is, whether the £4,200 a year ceases under this proposal, and whether our contribution would be in proportion to population, the whole of the colonies contributing upon that basis? Otherwise we should be paying, according to this calculation a very much larger amount than we ought to be fairly called upon to pay.

Mr. PENDER. The question is not dealt with in the printed proposal, but I have addressed a letter to your Government to the effect that if the general guarantee system were adopted by the other colonies, Tasmania would come in on the same ground as the others come in upon; in other words, we would put aside the old arrangements and include them in the new.

Mr. DODDS. That is what I understand from your proposal as submitted to our Government; but this paper takes up a different position altogether. This paper contemplates a contribution from Tasmania of between £8,000 and £9,000, which is quite disproportionate to our population.

Mr. PENDER. I am quite prepared to make an arrangement for the Tasmanian cable on the same basis as the guarantee scheme.

Mr. DODDS. I wish to put aside the question of increase of traffic altogether and to make this one point clear. Is your proposal this: That the existing subsidy is to cease wholly, and the Australasian group are to come into your scheme and to contribute upon the basis of population, the existing subsidies disappearing, and the now non-contributing colonies (that is to say New Zealand and Queensland) taking their fair share of the burden? Would these existing subsidies, as shown in the second column on this paper, cease altogether?

Sir JAMES GARRICK. Surely that is an arrangement for us to make amongst ourselves.

Mr. PENDER. I have just now stated that if a guarantee and agreement were come to with all the colonies the present arrangements cease with Tasmania, and they all take their share, according to the population, with the other colonies.

Mr. DODDS. Then this paper is inaccurate?

Mr. PENDER. It is not dealt with in the paper.

Mr. DODDS. This paper speaks of the "amount to be contributed in addition to existing subsidies;" we at the present time pay as much as South Australia, which is a much larger colony.

Mr. PENDER. That is more applicable to the bigger sum of £32,000. We have always dealt with Tasmania as apart from the other colonies altogether, You are not mixed up with them at all at present. You are mixed up with them altogether in the new calculation. It is a new departure altogether.

Sir JAMES LORIMER. If Mr. Pender is going to make a new proposal, I would suggest that he had better make it on the basis of keeping out from his statement all the existing liabilities, and start afresh with a new statement.

Mr. PENDER. With regard to the increase of traffic, as Tasmania has been referred to, I may say that we have had an arrangement with Tasmania for a considerable time by which Tasmania not very long ago undertook a guarantee; and the result was that upon the lowering of that tariff, the Tasmanian traffic increased.

Mr. DODDS. Yes; I as treasurer of the colony made that arrangement with your company.

Mr. PENDER. The tariff was reduced, I think, by one-half, and the traffic increased by a larger proportion.

Sir ARTHUR BLYTH. Would Mr. Pender, as he will doubtless have to lay before the Conference an amended tender, be so good as to put at the foot the maximum amount of guarantee, on the assumption of the existing subsidy being abolished.

Mr. PENDER. The present guarantee is only paid by the Governments of, I think, Victoria, New South Wales, South Australia, and Western Australia.

The PRESIDENT. I doubt whether we shall gain by any further discussion upon this point until we have seen Mr. Pender's paper, as he proposes to amend it. (Hear, hear.)

Mr. SANDFORD FLEMING. I wish to be allowed to ask Mr. Pender this question. You stated, Mr. Pender, the cost of the cable as being £189 a mile. May I ask whether you referred to the whole system or only to the recent Eastern Extension?

Mr. PENDER. I took the Eastern Extension and the Eastern Company. I think the cost of the cables of the Eastern Extension stands some £5 or £6 lower than that of the Eastern Company; but I would be glad to get the exact figures for you.

Mr. SANDFORD FLEMING. I ask the question with a view to getting at the present value of your cables.

Mr. PENDER. I do not know how you could get exactly at their present value. No doubt a cable ten years old is not so valuable as a cable two years old, but we have kept up a very expensive system of maintenance and repairs; and we are constantly adding to our cables. In the case of many of our cables the number of miles added to them has made them almost equal to a new cable. I could give you some illustrations where we have been told, in the Strait Settlements, for instance, that our cable was very often injured by the teredo. I do not suppose there are 300 miles now of that cable which are not protected against that danger; in other words, we have replaced the cable by a new cable.

Mr. SANDFORD FLEMING. Can you tell me how many miles your Eastern Extension embraces at a cost of £184. per mile, which I understand to be your figure for the average cost of Eastern Extension.

Mr. PENDER. I should be very glad to give you an exact answer to your question, if you will give me time for consideration?

Mr. SANDFORD FLEMING. There is just one other point that I should like to get from you. The Eastern Extension is separated from the Eastern Company, as I understand, by India, is it not?

Mr. PENDER. Yes, that is so.

Sir SAUL SAMUEL. It is part of the present agreement, I believe, that both the cables shall be uninterrupted (I am speaking of the cables from Port Darwin to Java). Is not that a condition of the agreement?

Mr. PENDER. The subsidy ceases for every day's total interruption.

Sir SAUL SAMUEL. I think they were for a short time?

Mr. PENDER. Yes, that was so, but not for very long.

Sir CHARLES MILLS. May I ask Mr. Pender whether there is any hope of an early reduction of the rates on the South African line, apart from the condition of the guarantee?

Mr. PENDER. I have made a proposition to the Cape Government, and I am quite prepared to discuss that point; but I am not prepared to make any changes now in any of the rates until I see my way more clearly as to what we are to contend against.

Sir SAMUEL GRIFFITH. I should like to ask you one more question with regard to these figures. In taking this estimate of the revenue at the 4s. rate as £63,900, you are of course taking the traffic to be a little over 300,000 words per annum?

Mr. PENDER. No; 600,000.

Sir SAMUEL GRIFFITH. But in the paper which has also been circulated, and which is headed "Memorandum on the paper by Mr. Henniker Heaton, M.P., in the *Pall Mall Gazette* of 2nd of April, 1887," the telegraph traffic is taken as being 600,000 words. Such a traffic would bring the revenue up to £120,000 from messages at 4s. a word.

Mr. PENDER. I have given a reply to his paper. His paper seemed to me so entirely absurd, that beyond going into the figures, which are all now before you, I treated that paper as not worthy of consideration.

Sir SAMUEL GRIFFITH. I am not commenting at all upon Mr. Henniker Heaton's paper, but I am only pointing out that in your reply to his paper you assume the existing traffic to be not 300,000, but 600,000 words. It will be very important to us in dealing with the subject to know what the existing traffic is.

Mr. PENDER. As I have already stated, 600,000 words.

Sir JAMES LORIMER. That would be 100 per cent. on the present rate.

Sir SAMUEL GRIFFITH. Can you tell us what is the existing traffic?

Mr. PENDER. 600,000 words.

Sir SAMUEL GRIFFITH. Then the existing revenue at the 4s rate on 600,000 words would be over £120,000 instead of £63,000 That would make a further difference of £60 000 in the amount of the guarantee which would be required?

Mr. PENDER. You make no allowance for the outpayments.

The PRESIDENT. Then perhaps, Mr. Pender, you will prepare a paper showing the figures as you propose to amend them, and possibly on a future day you may be asked to attend again.

Mr. PENDER. I shall be prepared to make any explanation at another time, and if any gentleman wishes to go into the figures in this paper narrowly with me, I shall be very glad to go into them with him, and in that way to save a great deal of discussion at this Conference.

The PRESIDENT. I hope the delegates will avail themselves freely of that opportunity.

Mr. PENDER. If any of the delegates will call upon me, I shall be happy to give them all the information I can.

[Mr. Pender withdrew.]

The PRESIDENT. I think it would be right now that Mr. Finch Hatton should make any observations which he has to make, in addition to his paper, with respect to the Canadian Pacific Telegraph Company.

Mr. FINCH HATTON. I should like to say, Sir, in the first place, that one point I observed with regard to Mr. Pender's proposal, is that Mr. Pender binds the colonies in perpetuity to a tariff of four shillings per word. He has told us distinctly that he does not believe it possible that that tariff can ever be reduced. We do not do that. We start by saying it shall be reduced to four shillings, and we hold out very reasonable hopes of a very large reduction in future. That is where we differ at once diametrically from Mr. Pender.

As to the question of the moral right of subsidizing a company, I may point out that Mr. Pender has allowed his line to be subsidized; the duplication of the Eastern Extension was subsidized—it could not be called anything but a subsidy, for Mr. Pender himself describes his debentures as subsidized debentures, and very rightly so.

That re-duplication was made in order to suit the growing requirements of our Empire. I submit now that the further growth of the Empire requires further extension of telegraphic communication.

I have only had an opportunity of listening to the discussion here to-day; and I am afraid, gentlemen, that I shall be going over old ground, for I did not hear Mr. Fleming's paper read, and no doubt he has touched upon the point, but it seemed to me that the main question, since I have been in the room at all events, has not been approached, and that is this: that no duplication or reduplication, or triplication of existing communications in any way meets the case. If the unity of the Empire, which you gentlemen have come so many miles to discuss, is to be anything more than a dream, we must take practical means to carry it into effect. Now no duplication of the Eastern Extension existing system can have any effect upon the Pacific Ocean, and that is the great point which our company are anxious to lay before this Conference—that we shall meet a want that can only be met in that way. The great military authorities are all agreed that in the future our way to the East, in time of war, must be by Vancouver's Island and the Pacific Railway. It is impossible to get the full benefit from that line without having telegraphic communication in the Pacific Ocean. It is a question for this Conference to decide as to whether in the interests of the Empire its facilities for telegraphic communication can be safely allowed to remain in the position in which they are at the present time. No duplication of the existing system can render it secure. It is of all lines the most liable to be interrupted. It passes through many foreign countries, and the transit through Egypt alone is a point of extreme weakness in it.

I believe that physical difficulties have been urged against the possibility of our laying our line, but I think you gentlemen at this Conference will probably say that that is the business of the company and not of the Conference. We have had the best possible expert advice upon the subject, and we are advised that it is perfectly possible to lay a line across the Pacific Ocean, and further than that, we are advised that it will be a line which will be probably very little liable to interruption. The deepest cable in the world which has been laid at the present time is laid at a depth of 2,900 fathoms, and it has never been interrupted in deep water at all. Our expert evidence goes to show that the deeper the cables are laid, the less liable they are to interruption. The deepest cable is from Cape De Verde Islands to Pernambuco, which is at a depth of 2,900 fathoms, and it has never been interrupted at all, though I believe it has been down nearly 14 years.

Now as to the question of subsidy, taking the proposed guarantee system of Mr. Pender, there are several points which he has not cleared up to my mind, though he will, no doubt, do so in the future. Supposing this guarantee system of Mr. Pender were adopted, it cannot be supposed that it will for ever block the construction of the line across the Pacific Ocean. That line must come in the future in obedience to the growth of civilization, and then the colonies will have to consider their position.

It was pointed out to Mr. Pender, by, I think, Sir Samuel Griffith, that it is quite possible that under the proposed guarantee the colonies might be let in for a contribution of £180,000 a year. Mr. Pender met that by saying that he would fix a definite sum, and that the contribution should not go beyond that. But one point which I do not think he has met is this: At the present time he is in receipt of a subsidy of £32,400 a year. That subsidy expires in 13 years; are the colonies to convert that into a perpetual subsidy? Are they to take upon themselves that reduction in Mr. Pender's receipts of £32,400 a year, and make it good to him? Because that would be converting his subsidy, which at present is terminable at the end of 13 years, into a perpetual one. I do not think Mr. Pender touched upon that point; but it is a very serious one to the colonies if they are called upon to pay this sum which yet remains to be fixed. I am glad it is to be a fixed sum, and not one varying with the receipts of Mr. Pender's company, because, I think, we must all see that even if this Pacific telegraph is not accomplished this year or next year, it is a thing that must come in the future, and when it does come the colonies may then find themselves in the position of being bound to make good Mr. Pender's losses to

him. If there should be a loss to Mr. Pender I am very sorry for it, but of course, Sir, monopolies cannot be established for ever, and undoubtedly, as Mr. Pender himself admits, when this line is established it will very materially reduce his profits.

Mr. Sandford Fleming asked a question, I think, as to the length of the Eastern Extension. The length is 2,150 miles.

Sir PATRICK JENNINGS. Between what points?

Mr. FINCH HATTON. Between Bangoe Wangi and Port Darwin. I did not quite understand Mr. Pender as to the cost of the construction. I fancy that Mr. Sandford Fleming's question had reference to the course of construction. That is the longest stretch of unbroken line.

Mr. SANDFORD FLEMING. 2,317 miles I make it. There are two lines, one is 1,186 and the other is 1,131 miles.

Mr. FINCH HATTON. It is a question for the Conference to decide whether they consider this line of sufficient importance to the interests of the Empire from a strategic point of view. That it would pay commercially there can be very little doubt whatever, but of course it is a question for the Empire to say whether it is worth their while to pay us for constructing it. That is the chief point that I have to urge; that no strengthening or subsidizing of existing lines in any way meets the present condition of things; which is, that at the present moment our Imperial communications are in a most unsatisfactory state, and would be found trebly so in the event of war breaking out. Our line would have the immense advantage of being laid in seas where it would be extremely difficult for it to be interfered with by any enemy's cruisers. The difficulty of pulling it up from so great a depth is, of course, enormous—that is admitted. But in addition to that, the Pacific Ocean is not one where very many hostile cruisers would be likely to come in the event of war breaking out; whereas, of course, the Mediterranean would be full of them.

The PRESIDENT. You have nothing to add, I understand, as regards the proposal that appears in the letter of April the 20th, 1887, which has been circulated, and which is as follows:—"The company to lay and maintain a cable from Vancouver Island to Australia, touching at the Sandwich Islands, Fanning Island, Samoa, Fiji and New Zealand. The company to reduce the existing through rates from Great Britain to Australia by at least one-half. The Imperial Government and the Colonial Governments above referred to, to furnish to the company, in such proportions as they may agree upon, a subsidy of £100,000 per annum for twenty-five years; each Government to have during that period the free use of the company's cable for Government messages to the full amount of its proportion of the subsidy at current rates. The company to give Government messages precedence over ordinary messages." Is there any alteration in the terms of that proposal which you would like to lay before the Conference?

Mr. FINCH HATTON. No, but I would like to add this—which ought to have been put in but it was so self-evident, that it was not thought worth while to mention it—that the subsidy should be contingent upon the cable working; that is to say, after a reasonable time—the ordinary time which is allowed for repairs—had expired, the subsidy would be suspended till the communications are established.

Mr. DEAKIN. The subsidy would commence from the date of the communication being established.

Mr. FINCH HATTON. Yes.

Mr. DEAKIN. And in the event of the cable being interrupted for any considerable time, that period is to be deducted from the subsidy.

Mr. FINCH HATTON. Yes.

Mr. DEAKIN. If it were interrupted for a period of three months, for example, that would make one-fourth of the subsidy for that year to be deducted.

Mr. FINCH HATTON. Yes, allowing for a time of grace, which I suppose would be 14 days.

Sir SAMUEL GRIFFITH. When was the Pacific Telegraph Company formed?

Mr. FINCH HATTON. It was formed last November

Sir SAMUEL GRIFFITH. What is its capital?

Mr. FINCH HATTON. The nominal capital is £2,000,000.

Sir SAMUEL GRIFFITH. Is it subscribed?

Mr. FINCH HATTON. It is not subscribed.

Sir SAMUEL GRIFFITH. It is merely nominal capital? Are the shares allotted.

Mr. FINCH HATTON. No, they are not.

Sir SAMUEL GRIFFITH. How many shares are issued?

Mr. FINCH HATTON. Sixteen shares are subscribed according to the articles of association.

Sir SAMUEL GRIFFITH. Have you any definite information about the soundings in the Pacific.

Mr. FINCH HATTON. We have the soundings of the "Tuscarora."

Sir SAMUEL GRIFFITH. There has been nothing in addition to that, except the soundings of the "Challenger," I think.

Mr. FINCH HATTON. Nothing except the "Challenger" soundings; I believe those are the only ones in existence. That is, from the Sandwich Islands to Fiji.

Sir JAMES LORIMER. Have you made any calculations to see what would be the proportion which each colony would have to pay under this proposal of yours? You say you would expect the Imperial Government and Canada to come into it.

Mr. FINCH HATTON. There has been no calculation made yet.

Mr. DEAKIN. I think you said you left the basis of the distribution to be settled by the colonies?

Mr. FINCH HATTON. We leave that entirely to the colonies.

The PRESIDENT. You throw it upon the Imperial Government also? It is not merely left to the colonies; I observe that the Imperial Government comes in too?

Mr. FINCH HATTON. Yes, I ought to have said it was left to the Empire.

Sir F. DILLON BELL. What is the amount which you estimate would be the cost of constructing and laying the cable?

Mr. FINCH HATTON. It is very difficult for us to give an answer to that at present, because as you know the improvements which are being made in the construction of telegraphs advance so rapidly at the present time that what was correct a month ago would not be so to-day. A process has been lately started by which the cost of constructing the cable has been very much reduced.

Sir F. DILLON BELL. But has your company not yet formed any basis upon which you ask for the subsidy of £100,000 a year?

Mr. FINCH HATTON. At the time it was first proposed to form a company estimates were made, and the estimated cost of constructing the line was £2,000,000.

Sir F. DILLON BELL. You are referring, I think, to a time when the company were in communication with the representatives of the respective Australian Governments, are you not?

Mr. FINCH HATTON. Yes, and that includes the cost of two repairing ships, and so on.

Sir F. DILLON BELL. On the estimate of a total cost of £2,000,000 you are asking, are you not, the Imperial Government as well as the Colonial Governments to be parties to the subsidy?

Mr. FINCH HATTON. Certainly.

Sir F. DILLON BELL. Do you propose that these proportions should be agreed upon between the Imperial Government and the colonies?

Mr. FINCH HATTON. We leave that entirely to the Imperial Government and the colonies.

Sir F. DILLON BELL. Supposing that the Imperial Government and the colonies were to take up the construction of a cable at your estimate of £2,000,000, and supposing that they could raise the money to build the cable at 3 per cent. per annum, what would be the cost that would be imposed by that operation upon the Imperial Government and the colonies? Would it exceed £60,000 a year?

Mr. FINCH HATTON. No, if it were raised at 3 per cent. That is, supposing it to cost £2,000,000.

Sir F. Dillon Bell. And if they owned the lines, the interest being £60,000 a year, then the value of the Government messages which they would transmit would come in relief of that £60,000 a year, would it not?

Mr. Finch Hatton. Yes.

Sir F. Dillon Bell. So that assuming a large amount of Government messages to be counted in as value towards the £60,000 a year which it would cost the Governments in partnership to build the line, it might turn out, according to your estimate, might it not, that the total outlay by the Imperial Government and the colonies in partnership would not be anything like £60,000 a year, deducting the saving on their own messages; is not that so?

Mr. Finch Hatton. That is so, if they raise the money at 3 per cent.

Sir F. Dillon Bell. Supposing that you were to take this saving on messages at £10,000 a year to the Imperial Government and all the colonies taken together, we might then say, according to your estimate of the total cost to the Imperial Government and the colonies, that it would cost them not more than £50,000 a year to build a line; would it not be so?

Mr. Finch Hatton. Yes.

Sir F. Dillon Bell. Then I should like you to explain to the Conference upon these assumptions—first, the estimated cost of the line of £2,000,000; secondly, the cost of the interest upon that money by the Governments raising the money in partnership; and thirdly, the saving which would be effected by passing Government messages over the line; why we should give £100,000 a year subsidy to your proposed company.

Mr. Finch Hatton. If the Imperial Government and the Colonial Governments are willing to take it in hand as a joint Government work themselves, there is not the slightest reason why they should give a subsidy to anybody.

Sir F. Dillon Bell. But the object that I had in asking you the question was to bring out, if I could, why we should give an extra £50,000 a year for the formation of a private company. Do you estimate that the cost of maintenance and the expense of the company and a fair profit ought not to cost less than an additional £50,000 a year?

Mr. Finch Hatton. Of course a company cannot borrow money anything like so cheaply as the Government can. We should have to pay more for our debentures, and we could not raise money at 3 per cent.

Mr. Service. I understand that a portion of your proposal is that the Governments of the various contributing colonies and the Imperial Government would be able to send messages free up to the amount of their contribution?

Mr. Finch Hatton. Certainly.

Mr. Service. Have you thought out at all what the effect would be upon the working of your lines? Because I have no hesitation in saying that each Government would send messages up to the full extent of their contribution. Have you taken into consideration in the working of the cable? The result of it would be, of course, that messages of interest, and lengthy messages as between England and the colonies, would be sent every day. It would have an enormous influence in uniting together the dependencies and the mother country; but have you considered the question in view of the practical working of the cable?

Mr. Finch Hatton. We have, and we hope to be able to send not only messages up to the amount of the Government subsidy and our own besides, but a very much larger number, and to realize very great profits. Of course I am not an expert in this matter, and I only take the opinions of experts, who tell me that it could be done.

The President. Can the Australian Colonies do that under Mr. Pender's £32,000?

Mr. Service. Yes. We have a small reduction of one-fourth, I think, on the common rates; but we are not allowed to work up to the subsidy.

Sir Arthur Blyth. We get that discount off all our messages, but the £32,000 is a subsidy for a special purpose of a duplicate cable.

The President. You put the capital necessary for laying the line at £2,000,000, I see that Mr. Fleming, perhaps at an earlier date, put it at £2,500,000.

Mr. FLEMING. That is for a complete system from England to Australia.

Sir WILLIAM FITZHERBERT. May I ask if your company is willing to agree to the condition, that the contributing colonies should at any time have the right of purchasing the cable?

Mr. FINCH HATTON. That question we have not taken into consideration.

Mr. DEAKIN. It all depends upon the terms. I have no doubt that you would do it upon certain terms. It is a question of what terms you will do it upon, not whether you will do it?

Mr. FINCH HATTON. No doubt.

The PRESIDENT. Some contracts are taken with the power of purchasing.

Mr. DEAKIN. It certainly would be necessary in such a case as this, if the agreement was entered into, that there should be such a power.

Sir PATRICK JENNINGS. You spoke just now of the surveys of the "Challenger" between Fiji and Hawaii?

Mr. FINCH HATTON. That was to the north of Hawaii.

Sir PATRICK JENNINGS. You said from Hawaii to Fiji?

Mr. FINCH HATTON. I should have been more exact; I was speaking generally of the route.

Sir PATRICK JENNINGS. Have you any idea of the sea bottom which, I understand, is surveyed between the Sandwich Islands and the Fiji Islands to the Navigator Islands?

Mr. FINCH HATTON. It is most favorably reported upon by the "Challenger." The report is mud, and sand, and ooze, almost the whole way. I think there were only two soundings that touched coral.

Sir PATRICK JENNINGS. I call attention to that, because I do not see any mention of it in your statement. We are told that the largest span is unsurveyed.

Mr. FINCH HATTON. The span between Vancouver Island and Hawaii is unsurveyed; but between San Francisco and Hawaii it has all been surveyed and reported upon most favorably by the "Tuscarora." The "Challenger" has surveyed directly to the north of Hawaii, and the report is most favorable, so that there is very strong presumptive evidence that the bottom is the same between Vancouver Island and Hawaii.

Sir PATRICK JENNINGS. The longest stretch of your cable is about 2,700 miles, is it not?

Mr. FINCH HATTON. It is about 2,700 miles.

Sir PATRICK JENNINGS. From Vancouver to Honolulu it is 2,800 miles.

Mr. FINCH HATTON. In my answer to Mr. Pender I mentioned the various distances along the whole line.

Sir PATRICK JENNINGS. That would be about the same length as the present Atlantic cables?

Mr. FINCH HATTON. It is 300 miles longer.

Sir PATRICK JENNINGS. Some of them are 2,600 miles. I see that there are nine cables there. Do you propose to have also a cable of your own across the Atlantic?

Mr. FINCH HATTON. No; at present we do not contemplate that. We are in a position to make very favorable arrangements with existing lines.

[Mr. Finch Hatton withdrew.]

The PRESIDENT. I suggest that before we turn to the consideration of postal questions, the Conference would allow me to read a paper, drawn up by Mr. Ives, which refers to one of the questions which was raised on Tuesday, the 19th of April.

Mr. FLEMING. Before you read that paper, Sir, I should like to submit some remarks upon the telegraphic question. Knowing that this subject was coming up to-day, I prepared a few suggestions which I wish to submit to the Conference.

In the remarks which I was permitted to submit to the Conference on the 20th instant, I confined myself to showing how important to Australasia, and to the Empire, is the establishment of an alternative telegraph line between the mother country and her great southern colonies. I attempted to demonstrate the facility with

which such a line could be secured by taking advantage of the works which Canada has carried out. I touched upon the enormous advantages which such a route possessed owing to its geographical position. I alluded to the important fact that the cables would be laid in deep water, and would therefore be free from natural enemies, and much more secure from the attacks of hostile vessels. I referred to the commercial and political advantages which it offered in binding together the most important of the colonies, and bringing into circuit nearly all the remote and outlying possessions of the Crown. If these points be satisfactorily established, it will become a matter of importance to consider how such a work can best be carried out.

Such undertakings as the one in question have hitherto been accomplished by private companies subsidized by Government; and there cannot be much doubt that the Pacific cable might be manufactured, laid, maintained, and worked by a private company, aided by a reasonable subsidy, so as to give a fair return to the owners while securing to the public greatly reduced charges.

It may, however, be asked, is there no better means of securing even more fully than through the medium of a private company, all the benefits which the new line would confer?

The one other way is for the interested Governments themselves to undertake the work, and I think it can be clearly shown that the desired results can in this manner be more satisfactorily and more cheaply obtained. In this opinion I am greatly strengthened by a memorandum submitted by the representatives of New Zealand, and yesterday placed in the hands of members of the Conference. The memorandum to which I refer has been prepared by the Postmaster General of New Zealand, and bears date, 5th February, 1887. In much which it contains I cordially concur.

I think I am correct in stating that some 13 years ago all the telegraphs in India were handed over to the Government, and have since then been managed by a department under the central authority. I believe it is found that the system works well and that the public are better served than they were before by private companies, for the reason that the public interests only are looked to under the new management, while private companies very naturally regard their own interests as paramount.

It seems to me most desirable that all cables communicating with Australasia, and all telegraphs within the Australasian colonies themselves, should be under one management. How this may be accomplished is a problem which, I venture to suggest, is well worthy the attention of the Australasian Governments. At the same time, I submit that it cannot be regarded with indifference by the Imperial Government or by Canada. I do not know what are the functions of the Australasian Federal Council, but possibly these functions could be extended so as to embrace the general control of telegraphs.

It would not be at all necessary for the Australasian colonies to control the cables all the way to England. It would be quite sufficient that they should control the cables proposed to be laid to Vancouver, on one side, and, on the other side, that portion of the existing system which extends from Australasia as far as India, embracing the lines of what is known as the Eastern Extension Company. It would be convenient to stop at India, as India separates the lines of the two companies, the Eastern Extension and the Eastern Telegraph Company. The Colonial Governments could not, of course, expropriate that which is private property, but possibly some arrangements, mutually fair, both to the public and to vested cable interests, could be reached, by which the desired result would be obtained. It is obvious that a comprehensive scheme, such as that suggested, could not be carried out without much consideration and negotiation, especially with regard to the manner in which the capital required should be raised, and the proportions in which it should be borne by each separate Government. But I am unable to see that the general scheme is at all impracticable. It would only be carrying out in a wider field the system adopted with so much success in India and in England with respect to the telegraph service. In endeavoring to effect such a joint arrangement, there are certain leading principles which might be considered.

1. It would be necessary for each of the colonies to agree to hand over to the central authority their respective telegraph systems, retaining a pecuniary interest in revenue in proportion to the value of the works handed over.
2. The establishment of the new cable across the Pacific would require new capital, which might be raised possibly on the joint guarantee of the colonies and the Imperial Government, as in the case of the Intercolonial Railway of Canada. By such means the money could be obtained at the very lowest rate of interest, and for several reasons it would not be necessary in the first instance to lay more than a single Pacific cable. The scheme embraces the control of the Eastern Extension lines, and hence the line from Vancouver to Australia would really give a triplicate service from Australia to England. Moreover deep water-laid cables are not liable to the same interruptions as shallow-water cables. In proof of which I may mention that the telegraph from Lisbon across the Atlantic to South America, for the first ten years of its existence, depended with great success on only a single line of cable throughout its entire distance. These cables were quite recently duplicated to meet the demands of business.

   The capital required to lay a single cable to Vancouver, from the Australasian system, reckoned at the low rate of interest at which money could be obtained, would, I estimate, involve a charge of less than £50,000 a year.
3. New capital would likewise be required to purchase the lines of the Eastern Extension Company, whenever that company would be willing to sell at a fair value. This capital would also be obtained at a low rate of interest, and thus the whole connection between India, Australasia, Canada, and Great Britain could be most economically established, and it would become practicable to reduce charges on messages to the lowest possible tariff rates.

As the cables of the Eastern Extension Company would be acquired largely in Imperial interests so as to give an alternate line independently of the Suez route to India, China, and Africa, it is reasonable to assume that the Imperial Government would render every assistance in securing them. I have said that it would not be necessary for the proposed Central Telegraph Department to control cables or wires east of Vancouver. I do not think there would be any risk of the management being debarred at any time from the advantages of cheap telegraphy from Vancouver to England. I feel quite warranted in saying that the Canadian Pacific Railway Company would be willing to enter into an agreement, for a long term of years, to transmit Australasian messages at the low rates which I mentioned to the Conference on a previous occasion.

I have not cumbered these remarks with calculations. I have purposely avoided them, and referred only to principles. If the principles be sound, as I believe they are, and the scheme commends itself to the judgment of the Conference, an important step will be gained.

III.—5.

FRIDAY, 6th May, 1887.

Present:

The Right Hon. Sir Henry T. Holland, Bart., G.C.M.G., Secretary of State for the Colonies, President.
The Right Hon. the Earl of Onslow, Under-Secretary of State for the Colonies.
The Right Hon. Lord George Hamilton, First Lord of the Admiralty.
Admiral Sir Arthur W. A. Hood, K.C.B
Vice-Admiral Sir Anthony H. Hoskins, K.C.B } Naval Lords to the Admiralty.

The Hon. R. H. Meade, C.B. } Assistant Under-Secretaries of State for the Colonies.
Mr. John Bramston, C.B. }
Captain G. S. Clarke, R.E., Secretary to the Colonial Defence Committee.

Representatives:

Newfoundland:—
Sir Ambrose Shea, K.C.M.G.

Canada:—
Sir Alexander Campbell, K.C.M.G., Lieutenant Governor of Ontario.
Mr. Sandford Fleming, C.M.G.

New South Wales:—
Sir Patrick Jennings, K.C.M.G., late Premier.
Sir Robert Wisdom, K.C.M.G., formerly Attorney General.
Sir Saul Samuel, K.C.M.G., C.B., Agent General.

Tasmania:
Mr. John Stockell Dodds, late Attorney General.
Mr. Adye Douglas, Agent General.

Cape of Good Hope:—
Mr. Jan Hendrik Hofmeyr.

South Australia:—
Sir John William Downer, K.C.M.G., Premier.
Sir Arthur Blyth, K.C.M.G., C.B., Agent General.

New Zealand:—
Sir Francis Dillon Bell, K.C.M.G., C.B., Agent-General.
Sir William Fitzherbert, K.C.M.G., Speaker of the Legislative Council.

Victoria:—
Mr. Alfred Deakin, Chief Secretary.
Sir James Lorimer, K.C.M.G., Minister of Defence.
Sir Graham Berry, K.C.M.G., Agent-General.
Mr James Service, late Premier.

Queensland:—
Sir Samuel Griffith, K.C.M.G., Q.C., Premier.
Sir James Garrick, K.C.M.G., Q.C., Agent General.

Western Australia:—
Mr. John Forrest, C.M.G., Commissioner of Crown Lands.
Mr. Septimus Burt.

Natal:—
Mr. John Robinson.

Mr. W. A. Baillie, Hamilton, Secretary to the Conference.

The PRESIDENT. Now, I believe Sir Alexander Campbell wishes to renew the discussion on the subject of the submarine telegraph from Canada to Australia, and I will call upon him to address the delegates.

Sir ALEXANDER CAMPBELL. In the circular which Mr. Stanhope sent to the Governments of the various colonies, asking the Conference to assemble, it was mentioned that one particular subject of importance was the consideration of the postal and telegraphic communications as a means of binding the Empire together; and also, I think, Sir, in your opening address to the Conference, that matter was alluded to. The subject has been discussed, it may very likely be thought, at sufficient length, but when Mr. Raikes addressed the Conference, he said that he desired, and I think you, Sir, also desired, that some record of the views of the Conference should be placed upon the paper, so that the Government might know what the various representatives of the colonies felt on so important a subject.

I rather waited before bringing the matter up again until we had the benefit of being able to read the paper which Mr. Pender said he would send to us in consequence of, or in answer to, the paper read by Mr. Fleming. That paper has not yet come, I understand.

The PRESIDENT. I have Mr. Pender's paper upon the Eastern Extension here. Would you wish that to be read first?

Sir ALEXANDER CAMPBELL. No, I think not just now. I was waiting until that paper came before bringing the matter before the Conference again. Although the paper had not been sent, so far as I knew, inasmuch as the meetings of the Conference were almost at an end, I thought it very desirable to bring the subject before the Conference again to-day, so that the views of the Conference upon the matter should be left on record.

I take it for granted that nothing can be more important to the Empire than the completion of an intercolonial communication all through Her Majesty's dominions by a line which goes through very little besides Her Majesty's dominions, and is not exposed in any way, except, perhaps, at one point, as I understand Mr. Pender's view. The line goes for the most part across the wide oceans which are peculiarly under Her Majesty's safeguard, which always have been so in history, and which most likely always will be so, and where the communications by this route do not go under the wide oceans, they go over Her Majesty's possessions, that is to say, over Canada.

We consider that by taking advantage of the telegraph line from the Atlantic Ocean at Halifax to the Pacific Ocean at Vancouver's Island which we Canadians have established without any help from Her Majesty's Government or any reference to them, the Governments of the various colonies of the Empire will be lending the most valuable assistance to that which we all have in view, and which the members of Her Majesty's Government have repeatedly expressed their desire to see brought about, as it is undoubtedly the desire alike of Her Majesty's subjects residing here in Great Britain and of Her Majesty's subjects residing all over the world—that is to say, a closer connection of the various component parts of the Empire—we think we have afforded the best means of doing by opening the line of railway telegraph across the Continent of America. We have placed it in the power of Her Majesty's Government in Great Britain to draw closer those bonds by the most important of all ties, the ties of speedy communication, the ties of interest, and the ties which spring from the opportunities of making communications from one end of Her Majesty's dominions to the other by telegraph lines almost entirely within the control of Her Majesty's subjects. These we think are the most important means which could be resorted to for drawing closer those bonds between the different parts of the Empire which we all value so much.

Although we may not be able to do anything at present, it would be worth very much, with the view of establishing these lines of communication hereafter, if the Conference were to express their views upon this subject.

I have promised, Sir, not to occupy much time, and I do not desire to do so. I take it for granted that everybody admits the importance of this line of communication to the Empire. (Hear, Hear.) The using for the benefit of the Empire of what Canadians have done remains to be accomplished. As far as Canada is concerned, I think everybody must admit that we in Canada have done our share, and more than our share (hear, hear); that we have given the facilities of carrying out such a scheme, and that the work may be done hereafter if we all agree that it ought to be done.

I have drawn up a memorandum, which I think might be taken as expressive of the views of the Conference. I should be very sorry to be thought to be committing the Conference to anything, or, indeed, suggesting any idea which the members might not agree to without hesitation, but I think they will heartily agree with the views expressed in this memorandum.

The first resolution which I propose is this:—

"That the connection recently formed through Canada from the Atlantic to the Pacific by railway telegraph opens a new and alternative line of Imperial communication over the high seas and through British possessions which promises to be of great value alike in naval, military, commercial and political aspects." (Hear, hear.)

I think these are truisms which we can all agree in, and I think it would be useful hereafter to have such an expression of agreement. I would ask those gentlemen who are interested in, I do not mean pecuniarily, but who take an interest

in the line already existing, Mr. Pender's line, to bear in mind that I refer in this memorandum to this new line as an "alternative line." We have no desire nor is it suggested to take action in any way against Mr. Pender's line, or to substitute this line for it, but we think that a new line might well be adopted for the safety of the Empire and the benefit of our fellow-subjects.

The second resolution is this:—

"That the connection of Canada with Australasia by direct submarine telegraph across the Pacific is a project of high importance to the Empire, and every doubt as to its practicability should without delay be set at rest by a thorough and exhaustive survey." (Hear, hear.)

This is put in because of the difficulty that was raised as to the possibility of having a line of communication across the Pacific. We had an opportunity, as my friend Mr. Fleming said, of consulting the surveys made by the officers of the "Challenger," and previously by the officers of the "Tuscarora;" and notwithstanding what he said (and Mr. Fleming is exceedingly competent to give an opinion upon this subject), the view expressed by him as to the depth of the ocean needs to be confirmed by an exhaustive survey.

Canada proposed two or three years ago to assist in a survey there. The difficulty which the Admiralty urged was that they had no vessel to spare, and therefore they could not do it. Canada had several vessels of her own, and she found a suitable one, the "Alert," an excellent ship for the purpose which she had been using in connection with observations which she had been making for a couple of years as to the time Hudson's Bay was open every year for navigation. She offered the "Alert" for the purposes of the survey, and in that way she seemed to have answered completely the difficulty raised by the Admiralty. Canada wrote over to the Admiralty telling them that she had a suitable vessel; and then they would not do it at all. Then we, and when I say we I mean Mr. Fleming and a friend of his, offered to pay half the expense. Still the Admiralty would not do it, and there the matter stopped.

But certainly, if there is any doubt about the depth of the ocean, the doubt should be removed. I think the Conference might all readily express, in the way I have put it here, or in any other way they prefer their opinion of the value of such a communication as the Pacific line would give, and the necessity of finding out if there is any difficulty in creating such a line.

Those are the views with which I have brought this subject again before the Conference. Mr. Fleming, who is very familiar with these topics, has also some remarks which he would desire to make. If the Conference should be of opinion that those remarks should be shortened, I am quite sure Mr. Fleming will shorten them, because our only desire is to obtain from the Conference an expression of their views, which we value very highly, and which we think might be very useful hereafter. (Hear, hear)

Mr. FLEMING. I quite concur in what Sir Alexander Campbell has so well said with regard to this matter; and while I cannot but regret taking up time at the close of the Conference, I trust I may be pardoned for venturing to add a few words on the general question of establishing telegraphic connection between distant portions of the Empire.

The importance of the question appears to be generally recognized.

1. It is one of the few subjects specially referred to in the circular of Mr. Stanhope, of date 25th November last, inviting the several Colonial Governments to take part in this Conference by sending representatives.

2. It is one of the questions to which great prominence was given in the opening address of the president.

3. When the matter was first discussed, on the 20th ultimo, the Postmaster General gave utterance to his broad and sympathetic views, and suggested that the Conference should not break up without expressing in some way a decided opinion in favor of the general policy of connecting telegraphically the great self-governing colonies on the Pacific; and he indicated, as one of the possible results, a perfect

revolution in the communication between the Australasian Colonies and the mother country.

4. On the same occasion members of the Conference representing South Australia, Queensland, the Cape of Good Hope, Victoria, New South Wales, and New Zealand, expressed generally their warm sympathy with the objects aimed at; indeed, I failed to learn that there was a single gentleman present who did not recognise that, in the interests of the Empire, the question is one which is well worthy of the greatest attention.

There were, however, one or two points raised which I trust I may be allowed to refer to.

Some doubts were expressed as to the practicability of connecting Canada with Australia by a direct telegraph. I do not propose to refer to the statement made by Mr. Patey as to the depth of the ocean, beyond saying that that gentleman has intimated to me that he was in error. I have asked Captain Hall, who was attending the Conference a few days back, to be good enough to furnish all the information in the possession of the Admiralty on this point; and I have no doubt he will confirm the statements submitted by me, as the officers of the Admiralty can, I believe, only look to the same sources as I did for the information which I laid before you, viz., to the soundings made by the "Tuscarora" and the "Challenger" expeditions. It must be admitted, however, that the known facts regarding the Pacific are somewhat meagre, and it is really a matter of very great importance that every doubt should be set at rest by having a proper nautical survey made with the least possible delay.

Another point was raised by Sir John Downer, viz., that the Colony of South Australia had, with great enterprise, spanned the continent from south to north with telegraph wire; that this line was a benefit to all the Australasian Colonies; that it was established at the sole expense of South Australia; that it is maintained by that colony at a loss; that the inevitable result of a new telegraph across the Pacific would be to increase the loss; and, in consequence, while the other colonies would gain by the new line, South Australia, in a pecuniary sense, would suffer.

Again, it has been felt that not a little consideration is due to the private company, the Eastern Extension Telegraph Company, which has, with commendable enterprise, provided such cable communication as the whole Australasian Colonies now enjoy.

For my own part I fully recognize both claims, while, at the same time, in view of vital Imperial and colonial interests, I regard the connection of Canada and Australasia telegraphically as an absolute necessity.

The problem which is presented to us is to harmonize all interests as far as it is possible to do so; and I venture to remark that, to my mind, its solution lies in the direction indicated in the remarks submitted at the close of the discussion on the 27th ultimo; and I gather, from observations which have fallen from several members of the Conference, that the views then set forth are not unworthy of the serious attention of all concerned.

The proposal is to bring all telegraph lines, constructed and to be constructed, east and south of India, and west and south of Canada, eventually under Government control. This appears to be the general idea of the Postmaster General of New Zealand in his memorandum; and I can scarcely think that the time has not arrived when the matter should be considered, not as a commercial question simply, but as a question of Imperial importance in a naval, military, and political aspect.

I find that the length of telegraph lines in the several colonies, as given by Mr Charles Todd, a gentleman who has been long and intimately associated with telegraphy in Australasia, was in the year 1884 as follows, viz.:—

	Miles.
Victoria	4,020
New South Wales	9,756
South Australia	5,292
Queensland	6,979

	Miles.
New Zealand	4,264
Tasmania	1,133
Western Australia	1,905
Total	33,349

and that the total revenue in that year was £527,734.

According to the same authority, the average cost appears to be £108 per mile; so that the whole cost of the 33,349 miles may be stated at £3,600,000.

The Eastern Extension Company's lines embrace, in all, 12,035 nautical miles of cable, and it will be remembered that Mr. Pender stated before the Conference that the cost per mile was £184. The whole 12,035 miles, reckoned at that rate, amounts to £2,214,440; but if that be the first cost, the present value, owing to depreciation of the cables, must be considerably less, for I find that about 6,600 miles, or more than half the whole length of cable owned by the company, has been laid from eleven to seventeen years. The actual dates when the cables were laid, and the periods they have been submerged, are as follows:

				Miles.
Laid in	1869,	now submerged	18 years	180
do	1870	do	17 do	2,409
do	1871	do	16 do	2,724
do	1876	do	11 do	1,283
do	1877	do	10 do	864
do	1879	do	8 do	2,444
do	1880	do	7 do	529
do	1883	do	4 do	920
do	1884	do	3 do	502
do	1885	do	2 do	180
Total length				12,035

The length of cable to connect Canada with the existing telegraph system of Australasia is placed at 7,600 miles, which, computed at £184 per mile (the first cost of the Eastern Extension cables, as stated by Mr. Pender), amounts to £1,398,400.

From these data we may estimate the first cost of all the cables and land lines between Vancouver and India as follows:—

New Pacific cable, say	£ 1,400,000
Australasian land lines, say	3,600,000
Eastern Extension, say	2,220,000
Total	£ 7,220,000

Looking at the large revenue from the Australasian land lines, it may be assumed that, taken as a whole, they pay working expenses and maintenance. It may not be necessary, therefore, to consider these lines in dealing with the question of new capital. If we eliminate the Australian land lines there remains £3,620,000 as the united cost of the new Pacific cable and the Eastern Extension system. To this amount should be added the value of reparing ships, stations, and other minor matters; and there ought to be deducted an allowance for depreciation of the existing cables. There may be various opinions on both points, but there can scarcely be a doubt that the round sum of £4,000,000 would be amply sufficient to cover every cost necessary to establish the Pacific line and buy out the Eastern Extension Company's property on fair and reasonable terms.

The interest on £4,000,000 at 3 per cent. is £120,000 per annum; but it will be obvious that the purchase of the Eastern Extension system would bring with it large subsidies, which would considerably reduce the interest charges. These subsidies are as follows:—

Tasmanian cable subsidy	£ 4,200
Malacca cable subsidy	1,000
Australian duplicate cable subsidy	32,400
Manilla cable subsidy	8,000
Tonquin cable subsidy	10,600
Macao cable subsidy	500
Total subsidies	£ 56,700

As the Hawaiian Legislature has passed an Act offering $20,000 a year to promote the establishment of telegraphic connection with America, that sum may be considered available as a subsidy in connection with the Pacific cable, making the total subsidies £60,700. If we take this sum as an asset, and deduct it from £120,000, it leaves a balance of only £59,300 a year to be met by the united Governments.

This estimate shows that the sum of £120,000 per annum would be required to meet the interest when all the subsidies run out; but as the larger portion of the subsidies will not expire until the end of the century, it is reasonable to expect that business will then be so enormously increased as to admit of paying all interest charges largely, if not wholly, out of revenue. In the meantime, the comparatively small sum of £59,300 would be sufficient to accomplish all that is desired.

I have assumed the cost of the new Pacific cable and the value of the cables of the Eastern Extension Company together to come to £4,000,000, but, according to the opinion of some experts, that estimate is too liberal. It is held that if proper allowance be made for the depreciation of the existing cables £3,000,000 would be nearer the proper value of the two systems. If a capital of £3,000,000 suffice for all purposes, the interest at 3 per cent. will be £90,000, from which if we deduct the total subsidies—£60,700—there will remain a balance of only £29,300 per annum to be provided.

Thus an annual payment ranging from £29,300 to £59,300, in addition to the existing subsidies, would establish the Pacific cable and provide for taking over all the cables of the Eastern Extension Company. Even the maximum annual payment could not be considered burdensome divided in equitable proportions among the ten Governments more or less interested, viz, the Governments of Great Britain, India, Canada, Queensland, New South Wales, Victoria, South Australia, Western Australia, Tasmania and New Zealand.

As the existing colonial subsidies, amounting in all to £36,600, are paid by five only of the ten Governments interested in the larger scheme, it appears to me desirable that an arrangement should be effected by which these subsidies would be extinguished and the new capital provided on a financial basis, by which all the interested Governments would contribute in equitable proportions.

A scheme of this kind, by which all the telegraphs may be consolidated and brought within the management of one Department under Government control, could of course only be carried out by the co-operation of all the Governments concerned; but I venture to submit that the subject is one which claims earnest consideration. The scheme outlined, if carried into effect, would bring Canada within electric touch of Australia and New Zealand; it would establish an alternative line from India and Australasia to England removed as far as possible from the theatre of every European complication and struggle that may arise; it would bring down charges on the transmission of messages to such moderate rates as would greatly facilitate intercourse and enormously develop business between Australasia, Canada and the mother country; it would meet the case of South Australia, and enable that colony to participate in the general advantages to be conferred on all the colonies; and it would remove all reasonable objections on the part of the Eastern Extension Company. In the event of that company being disinclined to reduce its present high charges and enter into competition with the new line, it would have the option to hand over all its property and receive for it its fair and full value.

If, however, the Eastern Extension Company determine to reject such reasonable proposals, the amount of capital to be provided will be so much the less, and it

will become a very easy matter for the Governments concerned to carry out the essentially important work of connecting Canada and Australasia telegraphically.

The PRESIDENT. Having heard the statements made by Sir Alexander Campbell and by Mr. Sandford Fleming, may I take it that the general assent of the delegates is given to the following propositions put forward by Sir Alexander Campbell?

First, that the connection recently formed through Canada from the Atlantic to the Pacific by railway and telegraph opens a new alternative line of Imperial communication over the high seas and through British possessions, which promises to be of great value alike in naval, military, commercial and political aspects.

Secondly, that the connection of Canada with Australasia by direct submarine telegraph across the Pacific is a project of high importance to the Empire; and every doubt as to its practicability should, without delay, be set at rest by a thorough and exhaustive survey. (Hear, hear.)

Sir ARTHUR BLYTH. I wish, in the first place, to express my regret that the Premier of the colony of South Australia is unavoidably absent this morning from causes which are pretty generally known—he is seeing his wife and niece embark at Tilbury to-day.

I may say that South Australia has no objection whatever to cables of any sort. Her sole objection is to an Imperial subsidy being given to a cable, such subsidies not having been afforded to cables that are in existence. I hardly need point out the objection which would follow the adoption of a contrary course. If the Imperial Government were to promise subsidies, we should have companies brought out continually. We do not object to competing cables, we only ask that they should be left, as we were left, to their own resources.

Australia is very much indebted to the Canadian delegates, and I desire to express my thanks to them on behalf of South Australia for having brought this matter forward, because it has brought from the Eastern Extension Company some offers, which may be made even more liberal, and which all tend to advance the general interests of Australia. I merely wish to say that we do not object to any cables at all; we object to subsidies being given.

The PRESIDENT. So far as the Imperial Government is concerned, I understand that these resolutions are entirely framed so as to keep clear of any question of subsidy (hear, hear), and that they were a general assent to the importance of communication between Australia and Vancouver (Hear, hear.)

Sir SAMUEL GRIFFITH. And the survey.

The PRESIDENT. The survey; but there, again, it is fortunately left in the dark at whose expense the survey is to be made. The resolutions are intended to be quite general; otherwise, of course, I could not put them to the Conference.

Mr. SERVICE. We feel that England has got the ships, has got the men, and got the money too; and the impression is that you would come somewhat to our rescue in the matter of this survey. Probably it could be done at very little extra outlay. However, that is left entirely open.

With regard to the remarks that have been made by Mr. Fleming, it is impossible to contribute a new idea after any subject of this sort has passed through his thoughts; and this paper and the previous one have submitted the whole question to us very clearly and distinctly. But I must say that the form in which he has put it to-day has, in my opinion, brought the whole subject within the range of practical working out. To my mind, now, in thinking over the figures that Mr. Fleming has submitted (of course, I take them as he gives them to us, without having had an opportunity of scrutinizing them in any way), it appears, if his figures are correct, that, so far as Australia is concerned, a movement in the direction of laying a cable across the Pacific would be not only most important and valuable (that we all recognize), but would become comparatively easy; because I take it that if what he himself hinted at as one alternative in giving us his figures, namely, that the present subsidy paid by the Australian colonies would be extinguished before this new arrangement was constructed—if, I say, the alternative came into operation, then it appears to me that the Australian colonies

would get the benefit of the new cables, and the benefit of any arrangement which might be made by the Eastern Extension Company, without the contribution of an additional penny to what they are now paying, or, at all events, very little more. It is not worth while discussing this matter in the light of the sixpence and the shilling, but it appears to me that the figures which Mr. Fleming has submitted show that the matter is not a mere castle in the air, something that cannot be secured without great outlay and great expense, but that there is something that is at hand, and can be availed of without any unnecessary delay.

We contribute at present £40,000 amongst the Australian colonies to the Eastern Extension Company, whereas the figures shown by Mr. Fleming would almost go to show that the proportion which Australia would be required to contribute would not much, if at all, exceed that amount. If that be the case, I would strongly recommend to the delegates from Australia, especially those from my own colony of Victoria, that this matter should be made a live subject as soon as they go back to the colonies, and that it should be discussed in view of the figures, which, of course, they will all take care to verify and submit, at a very early date, not only to popular opinion, but to Parliamentary approval.

I think there are one or two principles that we ought to agree upon. The first is this: that I think the chance of a new Pacific cable being subsidised by the colonies is a thing which is out of the question altogether, especially in the face of the figures that Mr. Sandford Fleming has read to us. For the colonies to bind themselves for 25 years to pay even their proportion of that amount would be exceedingly foolish, in view of the fact that by becoming themselves the owners of all these lines, both eastern and western, the probability is that they would pay not more than they are paying now for the Eastern Extension line, and certainly they would pay nothing at all, or a very small amount, for the Pacific line in comparison with that which the new Canadian Pacific Company propose, that is, £100,000 a year for twenty-five years. Of course there are a great many difficulties in the way, and one of the principal difficulties, perhaps, would be the way in which this was to be worked, but that would be easily got over as a matter of business.

I feel that this is a very important work needed, and the more you think of it the more it grows upon you. As Mr. Fleming has shown, it would affect us materially, but I think he also left out of consideration the fact that there is a sentiment involved in this sort of thing. Canada seems to lie at the outer rim of the circle, as it were, amongst the British dependencies. In this case she would become almost the head centre. (Hear, hear.) I use the term in a very pleasant sense. I desire to express myself individually as a strong supporter of the proposal that the Government should take the matter up and work it on their own behalf. (Hear, hear.)

The PRESIDENT. I think we could not go into a discussion about figures. (Hear, hear.) I should deprecate such a discussion.

I have to read a letter which Mr. Pender has sent me with regard to the Eastern Extension Company. Of course it will be printed and circulated.

Sir WILLIAM FITZHERBERT. The question is a very important one, and its importance grows upon my mind. When I remember that Canada has a seaboard on the Pacific of 600 miles, and that this is a proposal to, as it were, complete the great national work which they have done, I think that the importance of the subject cannot be over-estimated. I entirely agree with the proposal which has been put forward by Sir Alexander Campbell, and I hope, as I believe, so far as I can gather the opinion of the Conference, that we have one mind in that respect, that is to express a general consensus of opinion favorable to it. (Hear, hear.)

Sir SAMUEL GRIFFITH. I should like to add one word if I may. I quite agree that the project which has been brought forward by Sir Alexander Campbell and Mr. Fleming is one which is probably practicable, and it is one of very great importance; but the first essential is to know what the bottom of the sea is like, and whether a cable can be laid practically. The matter is one which will press itself upon our consideration very soon. I hope that some steps may be taken, and I hope that the delegates will join in impressing upon Her Majesty's Government the importance if

they can either of undertaking the survey of the Pacific or of assisting us in that survey; because it is quite clear that until we know how far that cable can be laid there, it is idle to consider the conditions upon which we should undertake to lay it.

Sir PATRICK JENNINGS. I think that we may safely agree to the abstract proposals laid down in the resolutions; indeed they command assent, because if we have a hearty desire for Imperial unity, nothing could bring us more together than having the great Dominion of Canada brought into direct contact with Australia; and I hope not alone by telegraph service, but by postal service within a measurable time. (Hear, hear.) With regard to the mode of expressing assent, it should, I think, be confined to the two ideas set forth in the resolutions which have been laid before us, and should not go into details.

There is one thing that I must say with regard to what Sir Samuel Griffith has said. The sooner a survey can be undertaken the better. It is a long line of unsurveyed sea bottom, of which very little is known; and until that survey has been made nothing can be done with regard to introducing this project before the Australasian Colonies, as Mr. Service has suggested. It must first be proved to be practicable; and then I quite agree with Mr. Service that it will be our duty to endeavor to concert the construction of it in one way or another by every possible means. (Hear, hear.)

The PRESIDENT. I shall enter it in this way on the minutes: That the general assent of the delegates was given to the proposals put forward by Sir Alexander Campbell. (Hear, hear.)

Mr. ROBINSON. May I ask if that is to be followed up by any further resolution?

Sir ALEXANDER CAMPBELL. It will be followed up by action, I hope.

Mr. ROBINSON. I was hoping that Sir Alexander Campbell would put on record a motion of a little wider scope with reference to a subject which was brought forward at an earlier sitting. I confess that we should have been very glad in South Africa if a more general proposal could have emanated from the Conference, expressing its opinion that Her Majesty's Government, if possible, should institute an inquiry into the feasibility of bringing the whole of the telegraphic communication of the Colonial Empire under the direct control of the Imperial and Colonial Governments. Of course, this matter is one which affects more particularly Canada and Australia, and we in South Africa are only too glad that Canada and Australia should be connected. But, at the same time, we cannot lose sight of the fact that there are other portions of the ocean which need to be bridged as well as the great north-eastern Atlantic and the Indian Ocean, thus completing the circle of telegraphic communication round the Empire. (Hear, hear.) Whether it is open or not yet to follow up Sir Alexander Campbell's resolution by any other expression of opinion, having, perhaps, a little wider scope as regards the general question, I am not in a position to say, but it seems to me on the former occasion that there was a general feeling among the members of the Conference that the idea of an Imperial telegraphic system was not so very Utopian as it was perhaps imagined to be in certain quarters. At any rate, it seemed to me that there was the desire that the question should be inquired into by Her Majesty's Government, with a view, perhaps, on some future occasion, of finding out whether a scheme was practicable or not.

Sir ALEXANDER CAMPBELL. This would begin the subject, and we might get farther afterwards; but it is best to make haste slowly, I think.

Mr. ROBINSON. Quite so.

The PRESIDENT. Your observations will be printed and circulated, and that will be probably all that you would desire from the delegates. They would hardly be inclined to pledge themselves, and certainly I could not, on the part of the Imperial Government, pledge myself to any large scheme of that kind.

Mr. ROBINSON. I only meant that there should be an inquiry.

The PRESIDENT. Of course, any resolution that you like to propose I will put; but I should think that you would probably be satisfied with stating your views, which had been stated, indeed, by Mr. Hofmeyr, on a former occasion.

Mr. ROBINSON. I am quite content with what has been done.

IV

PAPERS LAID BEFORE THE COLONIAL CONFERENCE, 1887.

IV.—1.

AUSTRALIAN MAILS.

MEMORANDUM for the information of Sir Alexander Campbell and Mr. Sandford Fleming, Canadian delegates, and circulated by them.

It is suggested that the subsidy which the Canadian Pacific Railway deem necessary to warrant their establishing the line, should be divided between:—

1. Imperial Government.
   a. Admiralty—from "Armed Cruiser Fund."
   b. Post Office—in proportion to amount now paid for monthly Pacific service.
2. New Zealand.
3. Australia.
4. Canada.

It is thought that under this arrangement their service will be secured at a positive saving upon existing mail contracts to the Imperial Government, New Zealand, and Australia.

IMPERIAL GOVERNMENT—

a. Armed Cruiser Fund.—The five vessels would, on account of their speed and construction, be entitled to the same arrangement which exists with the Cunard and White Star Companies.

b. Post Office.—The cost of conveying the New Zealand and Australian mails between London and San Francisco, for the present monthly American service, amounted, it is understood, in the year 1885-86 to £16,609. It is proposed to include in the scheme now suggested a fortnightly delivery of the mails at Fiji.

NEW ZEALAND—

In 1885 the cost to New Zealand of the Pacific monthly service was stated by the Postmaster General of the colony to be as follows:—

	£	s.	d.
Subsidy	29,798	0	4
Bonus to contractors	3,030	6	8
Light dues	663	0	0
Interprovincial agents, &c	6,796	8	1
Total	40,287	15	1

It is thought that under the proposed Canadian service, New Zealand will secure a fortnightly mail delivery at less cost than is at present paid for a disjointed monthly service, including a subsidy of £5,000 (or whatever smaller amount may be desirable) for the branch service between Auckland and Suva, Fiji. The amount at present paid for this monthly line appears to be £1,690 per annum.

New Zealand may complain that at present the main line steamers call at Auckland, whereas by this proposed service she is served by a branch line only. This may be true, but the steamers of the present American line merely call at Auckland for a few hours *en route* between San Francisco and Sydney, their detention being cut as short as possible, and it is impossible for the Canadian Pacific to give to both New Zealand and Australia a fast service by the mail line steamers alone. If this fortnightly British line is established, it is thought the Imperial Post Office will cease to provide for the conveyance of mails between London and San Francisco. Could New Zealand, in such an event, afford to subsidize, by herself, the monthly American service?

In point of time New Zealand, by this new service, would be the most favored of all the colonies, ample margin being allowed for the transfer of mails, passengers and cargo at Suva. The conveyance of mails by the Suez lines could therefore be discontinued, saving postage.

Further, the vessels of the Union Steamship Company, a New Zealand corporation would have a direct share in this Pacific traffic which is now controlled by Claus, Spreckles & Co., an American firm, and this arrangement should result in a direct saving to the colony.

It is understood that New South Wales does not desire to become a party to a new contract with the American line, in which event the entire cost of the service if it were renewed, would fall upon New Zealand.

AUSTRALIA—

Under the proposed new Suez contracts with the Orient and P. & O. Companies, the amount originally asked by each company was virtually £100,000 for ten years, but in their latest amended tenders, it is said that these companies have reduced their offer to £100,000 each for a seven years' contract, and to £85,000 each for a 10 years' contract, for a service of about 34½ days from London, *viâ* Brindisi and Naples, to Adelaide.

Queensland at present pays £55,000 a year to the British India Steam Navigation Company for a service from Aden which delivers mails in Brisbane in about 44 days, and passengers in 57 days (the homeward voyage being three days longer), while according to the latest available reports (1885) of the Postmasters General, New South Wales contributed £11,760, Queensland £2,160 1s. 3d., and Victoria £4,177 to the San Francisco service.

The proportion which it is thought Australia might bear should, therefore, be forthcoming from the three colonies of Queensland, New South Wales, and Victoria; and if Victoria refused to become a party to the contract, from the two former colonies. Even if the colonies were unwilling to give this amount for a postal subsidy, the Imperial, strategic, and passenger value of the proposed service, as alternate to those *via* Suez, is worthy of a small subsidy from each of the Australian colonies.

The colony that would, of course, derive the greatest benefit is Queensland. She would acquire a faster mail and passenger service than any one of the colonies of Australia, and would consequently become, instead of the most remote, the nearest in point of time and distance to Great Britain and Europe. This would, without the slightest doubt, most materially assist in her settlement and development. Direct connection would be established with the Fiji and Hawaiian Islands, Canada, and the United States. The pleasure seeking public, who perhaps rarely visit Queensland at the present time on account of the difficulties of communication, would make Brisbane their port of arrival or departure. A great impetus would be given to the railway traffic, especially on the lines between Brisbane and Sydney; at the same time, first class sea communication would be established between the two ports.

It has been shown that the British India Company receive a postal subsidy of £55,000 a year for a service of 44 days and 57 days to Brisbane for mails and passengers respectively, and it is understood that they receive a further payment or guarantee on emigrant passages. While, from a commercial point of view, it may be politic to subsidize this line, it is surely of far more importance to Queensland to have this excellent Pacific mail and passenger service. The British India is an established line, and would not cease running were its postal subsidy somewhat reduced nor would there be any probability of rates of freight or emigrant passage being raised, since many cargo steamers run to Australia, and the Pacific line could if necessary carry emigrants from England at the present rate of £16 16s. per head. As a mail service the British India is practically useless; in 1885 only 42·38 per cent. of outward and 23·53 of inward letters going *via* Torres Straits, the bulk of the Queensland mails going by the Orient and P. & O. Companies. In 1885 net payment was thus made to New South Wales on account of mails by the Orient line of £6,509 11s. 7d., and to Victoria of £5,149 2s. on account of the P. & O. line, or a total of £11,658 13s. 7d. in addition to the £55,000 paid to British India.

By the establishment of this Pacific service affairs would be reversed, and Queensland, instead of paying out postages, would collect them from non-contracting colonies.

As Sydney would be the terminal port of the line in Australia, and large disbursements would be made there, New South Wales would largely benefit from this source. In fact, the amount disbursed in the colony would of course exceed the amount of the subsidy. Time for mails and passengers *via* Brisbane and rail, or *via* Brisbane and sea, would be faster by Canada and the Pacific than by the contemplated Suez services.

The commercial development between the United States and Canada and New South Wales also calls for a Pacific line, which, however, be it remembered, cannot exist without a subsidy.

To Melbourne is offered the inducement of a mail service but slightly inferior in point of time and probably cheaper, and a passenger service a week faster than those *via* Suez. Victoria also has large commercial dealings with Canada and the United States, contributing in 1885, £4,177 to the San Francisco line for mails, and, further, cannot overlook the strategic and Imperial value of this proposed Pacific service.

Lastly, it is thought that this line of steamers, carrying the British flag each week through the i-land groups of the Pacific, would assist in the settlement of the Pacific Island question, and tend to render annexation by foreign powers of islands along the route impossible.

Australia desires to be master of the Pacific. Nothing will more assist the attainment of her desire than the establishment of this service.

IV.—2.

PROPOSED CANADIAN MAIL SERVICE TO AUSTRALIA.

MEMORANDUM circulated by Canadian Representatives.

The Canadian Pacific Railway Company offer to undertake a fortnightly mail and passenger service to Australia, to alternate with other mail services *viâ* Suez, in connection with a fast Atlantic service for which the Government of Canada have advertised for tenders.

The service to be a fortnightly one each way between Halifax or Quebec and Vancouver, British Columbia, and between Vancouver and Moreton Bay, Queensland, calling at Honolulu, Hawaiian Islands, and Suva, Fiji Islands.

The steamers to terminate the outward voyages and commence the homeward voyages at Sydney, New South Wales.

The Australian mails to be delivered and received at Moreton Bay, but mails for New South Wales and Victoria to be delivered and received at Sydney, if desired.

The New Zealand mails to be delivered and received at Suva, Fiji; the Government of New Zealand to provide the branch service between Suva and Auckland. (The Union Steamship Company of New Zealand now run a monthly mail service between New Zealand and Suva, and a monthly service between Australia and Suva.)

The maximum through time between Halifax or Quebec and Moreton Bay, to be 27½ days, which, with a 15 knot Atlantic service, the lowest speed permitted under new tenders called for by the Canadian Government, will give through time between an English port and Moreton Bay of less than 34½ days, which would in practice frequently be reduced.

Through time between England and Australia cannot be guaranteed until the details of the new Atlantic service are arranged.

With a 12-knot service between Fiji and New Zealand, time between an English port and Auckland would be less than 34 days.

The service to be performed by five new vessels, to be specially constructed for the service, of great speed, and with the most approved passenger accommodation, so designed as to meet the requirements of the Admiralty for vessels to be placed upon the list of the "Royal Naval Reserved Cruisers," thereby establishing upon the Pacific a fleet of splendid merchant cruisers, available for the use of the Empire in the event of war, and to develop commerce under the British flag in the Southern Pacific Ocean during times of peace.

Further, it is proposed that, as far as possible, the crews of the vessels shall consist of men of the Royal Naval Reserve.

By this route passengers would make the same through time as the mails, without extra cost, special trains running alongside the steamers at Vancouver and Halifax, or Quebec.

In the event of emergency such steamers could make the passage between Vancouver, which will always be in telegraphic communication with London and Moreton Bay in 17 days.

It would be quite feasible, in the case of pressing necessity, to make through time of 27 to 28 days from England, whereas, in the event of the Suez Canal being blocked and unavailable, 34 days would be required to reach Australia *via* the Cape at an average speed throughout of 15 knots an hour with allowance of 24 hours for coaling.

A TABLE showing an Estimate of Mail Time between England and Australia, *via* Brindisi (Naples) and Suez, under proposed contracts of 1888, as tendered for by the Peninsular and Oriental and the Orient Companies, and an Estimate of possible Mail Time between England and Australia, *via* Canada, at the same period.

MEMORANDUM circulated by CANADIAN REPRESENTATIVES.

ESTIMATE of TIME, ENGLAND to AUSTRALIA under (proposed) NEW SUEZ CONTRACT.

London to Brindisi or Naples.....	56 hours, or 2 days 8 hours.
Brindisi to Adelaide, P. & O. Co.....	32 days 12 hours.
Naples to Adelaide, Orient Co.....	32 "
or	
London to Adelaide, P. & O. Co.....	34 days 20 hours.
" " Orient Co.....	34 " 8 "

Land carriage of the mails by Intercolonial Railway from Adelaide to Melbourne, Sydney and Brisbane. Rail 30 miles per hour, and following detentions: Transfer at Adelaide (say) 3 hours; Melbourne, 1 hour; Sydney, 1 hour; each change of gauge, 30 minutes.

Adelaide to Melbourne, including transfers...	490 miles	=	20 hours.
Melbourne to Sydney " "	...570 "	=	$20\frac{1}{2}$ "
Sydney to Brisbane " "	...726 "	=	$25\frac{1}{2}$ "

THROUGH Time from London in 1888.

	P. & O. Co.	Orient Co.
Adelaide	34 days 20 hours.	34 days 8 hours.
Melbourne	35 " 16 "	35 " 4 "
Sydney	36 " $12\frac{1}{2}$ "	36 " $0\frac{1}{2}$ "
Brisbane	37 " 14 "	37 " 2 "

Possible Service.

England to Australia *viâ* Canada*

Liverpool to Halifax.....2,500 knots.
A. at 18 knots = 139 hours or 5 days 15 hours.
B. at 17 " = 147 " 6 " 3 "
C. at 16 " = 156 " 6 " 12 "
Halifax to Vancouver, 3,660 miles at thirty miles per hour..... 122 hours or 5 days 2 [hours.
Transfers (3 hours at each end)..... 6 "
Vancouver to Brisbane (Moreton Bay)..... 6,510 knots.
A. at 15 knots = 434 hours or 18 days 2 hours.
B. at 14⅓ " = 456 " 19 " 0 "
C. at 13½ " = 482 " 20 " 2 "
Detention at Honolulu (say) 6 hours.

or

Liverpool to Brisbane..... A. 29 days 7 hours.
" " ..... B. 30 " 17 "
" " ..... C. 32 " 4 "

Brisbane to Sydney by rail at 30 miles per hour, distance 726 miles with detention for transfer from steamer to rail (say) 6 hours..... =1 day 6 hours.

Brisbane to Sydney by sea at 14 knots per hour, distance 455 knots, with detention of steamer, Moreton Bay, 1 day..... =2 days 8 hours.

——	A.	B.	C.
Liverpool to Sydney *viâ* Brisbane and rail...	30 days 13 hours	31 days 23 hours	33 days 10 hours
" " sea....	31 " 15 "	33 " 1 "	34 " 12 "

Sydney to Melbourne and Adelaide same time as by Suez route.

COMPARISON ON ABOVE LINES *viâ* SUEZ AND *viâ* CANADA, 1888.

	From London *viâ* Brindisi (Naples) and Suez.		From Liverpool *viâ* Canada.		
To	P. & O. Co.	Orient. Co.	A.	B.	C.
Adelaide.....	34 dys. 20 hrs.	34 dys. 8 hrs.	32 dys. 2½ hrs.	33 dys. 19½ hrs.	34 dys. 23½ hrs.
Melbourne.....	35 " 16 "	35 " 4 "	31 " 9½ "	32 " 19½ "	34 " 6½ "
Sydney.....	36 " 12½ "	36 " 0½ "	30 " 13 "	31 " 23 "	33 " 10 "
Brisbane.....	37 " 14 "	37 " 2 "	29 " 7 "	30 " 17 "	32 " 4 "

The Canadian Government have called for tenders for a new Atlantic service at 16, 17, and 18 knots per hour. That an 18 knot service between England and Halifax is quite feasible has been proved by the average voyages of the fast Cunarders during the year 1886. *Via* Liverpool and Quebec the ocean distance is 210 miles longer, and the rail distance 586 miles shorter than via Liverpool and Halifax.

*This table does not provide for détour and call at Fiji for New Zealand mails and passengers.

It is possible that the speed of 30 miles per hour would not be maintained upon the narrow gauge portions of the Intercolonial Railway in South Australia and Queensland. If a special train should leave Brisbane upon arrival of the mails the 6 hours detention allowed could be no doubt lessened.

By the Suez route passengers can only make the mail time shown above by incurring the heavy extra expense of the rail journey to Brindisi or Naples. The majority accompany the steamers from Tilbury *via* the Bay of Biscay and Gibraltar. This necessitates, at present, 9 additional days at sea. By the Canadian route passengers would always, if they desired, travel with and make the same through time as the mails.

The Pacific voyage is made through, comparatively speaking, smooth waters with north-east and south-east trade winds south of latitude 40 north, thence prevailing westerly winds. It will not consequently be difficult to maintain the speed here specified. By making Moreton Bay the first port of arrival in Australia, the shortest possible trans-Pacific voyage would be accomplished; mails would be delivered at the nearest point of the Intercolonial Railway system, and the heavy westerly weather encountered frequently on the voyage between New Zealand and Sydney would be always avoided.

On the voyage from Suez to Adelaide very high temperature is met with; heavy weather is frequently experienced off the Australian coast; and passengers have to encounter the great heat of the Red Sea.

By the Canadian route passengers, troops, stores, &c., can be conveyed between England and Australia in the above mail time, with the exception that, in the case of troops and stores, a small additional allowance must be made for transfer at Halifax and Vancouver. Should it be necessary in the event of war, or in case of emergency to make very fast time between England and the colonies, the passage from Vancouver could be made in 17 days or less, or about 27 days from England. On the other hand, European complications may render the London-Brindisi route unsafe and unreliable for mails and passengers, and in the event of war between any European powers the Suez Canal route may be absolutely blocked, leaving the colonies dependent upon a Canadian service or an infinitely longer one *via* the Cape.

From the above comparison it will be noticed that by the slowest and longest Canadian service (table C.) the mails would be delivered in Brisbane in 5 days 10 hours, in Sydney 3 days 2 hours, and in Melbourne 1 day and 10 hours faster time than that tendered for by the P. & O. Co., and in Adelaide in 3½ hours longer time only.

It is not intended in this statement to disparage in the slightest degree the Suez services of the Peninsular and Oriental and the Orient Companies; but it is thought that it will be more to the interests of the Australian Colonies to make provision for a Canadian service, which can be relied upon in times of war as well as peace, and which would be faster than the Suez services, than to enter into a 10 years' exclusive agreement with the Suez companies for the transmission of all the mails.

It is thought that a fortnightly service *via* Canada would alternate satisfactorily with a fortnightly service *via* Suez, making a fast weekly mail delivery.

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IV.—3.

PROPOSED CABLE BETWEEN CANADA AND AUSTRALIA.

Colonial Office Memorandum and Correspondence.

The question of connecting Australia with Canada by cable, and so affording an alternative means of communication beyond those supplied by the Eastern Extension Telegraph, had been from time to time mentioned in connection with the Canadian Pacific Railway, but it was first brought formally to the notice of Her Majesty's

Government on the 29th of July, 1886, by a letter from the High Commissioner for Canada; which, with its enclosures, will be found in the Appendix. There is also inserted in the Appendix a report by the Superintendent of Electric Telegraphs, New South Wales, dated the 31st of March, 1886.

The scheme is opposed by the companies which own the existing telegraph lines communicating with Australia, and on the 28th of January of this year a letter was received from Mr. Pender enclosing copies of letters and memoranda, which will be found in the Appendix, suggesting that a reduction of the existing tariff charges might be effected upon a guarantee from the colonies. The promoters' scheme alluded to by Mr. Pender has not been communicated to Her Majesty's Government, and his own figures appear to be only a rough estimate. They furnish, however, the only information which the Colonial Office possesses upon the matter.

A very strong case would have to be made out to justify the Colonial Office in asking the Treasury to take into consideration a proposal to provide a subsidy for maintaining a cable in competition with a telegraphic system which at any rate supplies the actual needs of the Imperial Government.

So far as can be judged, there would seem to be great difficulties in the way of the proposed scheme. The distances between the points where the cables would land are very great; the depth of the sea, as shown by the soundings given in the "Challenger" reports is excessive; and the amount of business passing over the cable might prove comparatively small; so that not only would a subsidy be required, but one of very considerable amount. If it were decided to carry such a cable from Fiji to New Caledonia, and thence to the coast of Queensland, some assistance might possibly be obtained from the French Government; but that would involve landing in a second foreign country.

It is, at the present stage, only possible to invite the Australasian and Canadian members of the Conference to express their views generally upon the scheme for laying a cable across the Pacific from Vancouver to some point in one of the Australasian Colonies.

COLONIAL OFFICE, March, 1887.

IV.—4.

9, VICTORIA CHAMBERS, LONDON, S.W., 29th July, 1886.

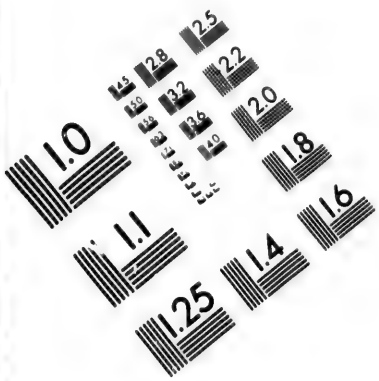
SIR,—With reference to Mr. Bramston's letter of the 30th March last, on the subject of the proposed telegraphic communication between Canada and Australasia, I now beg to transmit a copy of an Order in Council of the Dominion Government dated the 8th June, 1886, instructing me to invite a conference of the Agents General of all the colonies interested, and ascertain how their respective Governments would be disposed to act in the matter, and what amount of assistance they would be prepared to give.

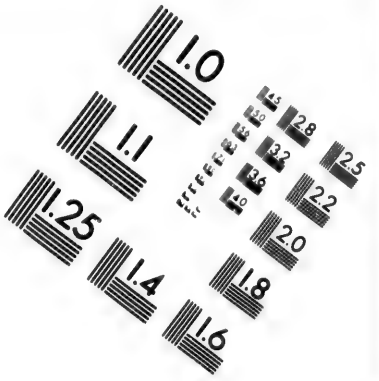
I beg to state, for the information of the Secretary of State for the Colonies, that I took an opportunity of calling a meeting in accordance with this request. It was found, however, that it would be difficult to take any practical steps until some definite scheme had been propounded, which could be submitted to the Colonial Governments for their consideration, and I therefore requested a number of gentlemen who were interested in the question to go thoroughly into it, and to prepare a printed memorandum which should contain the important facts in connection with the proposed telegraphic communication, and a scheme by which it would be possible to carry it out.

This has now been done, and I enclose three copies of the memorandum herewith. I may say that copies have been forwarded to the Agents General for the consideration of the Colonial Governments.

You will observe the following paragraph at the end of the Order in Council:—

"The committee further recommend that the High Commissioner be instructed to put himself in communication with the Secretary of State for the Colonies, and





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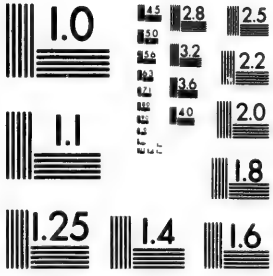

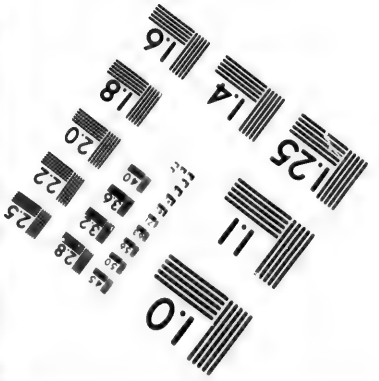

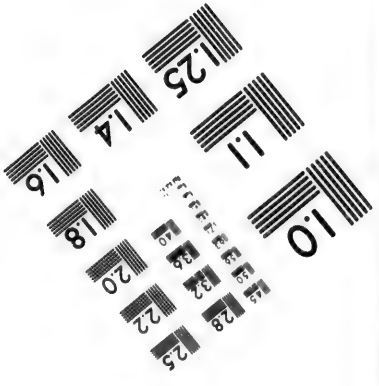

endeavor to secure the co-operation of Her Majesty's Government on the subject."

It is only necessary for me to say that the communication when provided, apart from its commercial value, will be most important to the mother country, and to the colonies, providing as it does an independent line of telegraph to Australasia and the East, and I trust therefore that Her Majesty's Government and the Government of India will be prepared to assist substantially in carrying the proposal into effect.

Will you be so good as to bring the matter under the notice of the Secretary of State for the Colonies?

I am, &c.,
CHARLES TUPPER,
High Commissioner.

The Under Secretary of State for the Colonies,
Downing Street, S. W.

DOCUMENTS IN REFERENCE TO THE ESTABLISHMENT OF DIRECT TELEGRAPHIC CONNEXION BETWEEN AUSTRALIA, NEW ZEALAND, CANADA, AND GREAT BRITAIN.

No. 1.

ORDER IN COUNCIL IN REFERENCE TO THE ESTABLISHMENT OF TELEGRAPHIC CONNEXION BETWEEN THE AUSTRALIAN COLONIES, CANADA AND GREAT BRITAIN.

PRIVY COUNCIL, CANADA, OTTAWA, 10th June, 1886.

SIR,—By direction of the Right Honorable the President of the Council, I forward you a copy of an Order in Council, dated 8th June, 1886, with respect to the subject of the proposed establishment of telegraphic communication by cable from the Australian Colonies, for your action and co-operation as therein expressed.

I have, &c.,
JOHN J. McGEE,
Clerk, Privy Council.

The Hon. Sir CHARLES TUPPER, G.C.M.G., C.B.,
High Commissioner for Canada,
9, Victoria Chambers,
London, S. W.

IV.—5.

CANADA.

CERTIFIED COPY *of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor General in Council on the 8th June*, 1886.

On a memorandum, dated 22nd May, 1886, from the Minister of Public Works, submitting a communication from the High Commissioner for Canada in London, enclosing a copy of a circular addressed by the Colonial Office to the Agents General of the Australian Colonies, on the subject of the proposed establishment of telegraphic communications by cable from those colonies to San Francisco, the last paragraph of which is as follows:—

"In view of the completion of the Canadian Pacific Railway, it would seem to deserve consideration whether such a cable, if constructed, might not more advantageously have its terminus in British Columbia."

The Minister represents that several communications have been received from Mr. Sandford Fleming, C.E., setting forth the scheme of a company, represented by

him, to connect either Queensland or New Zealand with Vancouver, B.C., by way of Fiji and Hawaii, by which it appears that the estimated cost of the cable would exceed £2,000,000 (say $10,000,000); and that, as it is the intention of the company to very greatly reduce the rates at present existing for telegraphic messages between England and Australia, the company would require assistance from the different Governments interested, in the shape of a subsidy, which is roughly estimated at about £70,000 per annum for a period of about 20 years. Mr. Fleming represents that the Governments interested in the project are Canada, Great Britain, India, Victoria, New South Wales, New Zealand, South Australia, Queensland, Tasmania, Western Australia, Hawaii, and Fiji, and states that advances have already been made towards some of the agents of the Australian Colonies, with a view of having the terminus of the proposed cable in British Columbia instead of San Francisco, which have been favorably received. Mr. Fleming suggests that as Canada is greatly interested in establishing direct telegraphic communication with Australia, India, and the East, it would be advisable that this Government should take the initiative in the matter, and invite a conference of the Agents of the colonies interested to discuss the subject.

The Minister, agreeing with the suggestions made as to the advantages likely to accrue to Canada from the establishment of direct cable communication between British Columbia and the East, and that it would be advisable that this Government should take the initiative in the matter, recommends that advantage be taken of the Colonial and Indian Exhibition now being held in London, and the presence in that city of representatives from the colonies interested, to obtain an expression of opinion on the project, and that the High Commissioner for Canada be requested to invite a conference of the Agents General of all the colonies interested, and ascertain how their respective Governments would be disposed to act in the matter, and what amount of assistance they would be prepared to give; also, that the High Commissioner should ascertain from the Imperial authorities what assistance might be expected from them on behalf of the United Kingdom and India, and that the High Commissioner report the result of his inquiries as speedily as possible.

The Committee concur in the report of the Minister of Public Works, and the recommendations therein made, and submit the same for your Excellency's approval.

The Committee further recommend that the High Commissioner be instructed to put himself in communication with the Secretary of State for the Colonies, and endeavor to secure the co-operation of Her Majesty's Government on the subject.

JOHN J. McGEE,
Clerk, Privy Council.

IV.—6.

DIRECT TELEGRAPHIC COMMUNICATION BETWEEN AUSTRALIA, CANADA, AND GREAT BRITAIN.

BATT'S HOTEL, DOVER ST., LONDON, 10th July, 1886.

SIR,—Having learned that the Canadian Government has instructed you to confer with the representatives in London of the other Governments interested in the projected telegraph communication between Australia and the United Kingdom, by what may be termed the Canadian route, I beg leave to submit the accompanying documents bearing on this important question.

I desire to direct your attention more particularly to the enclosed memorandum of date London, 1st July. In this document I have ventured to explain the views I have formed with respect to the projected telegraphic communication, and the principles upon which a company may be organized for carrying out the undertaking.

I have consulted a number of capitalists, as well as experts in ocean telegraphy, and have quite satisfied myself that with a very moderate Government subsidy, a

substantial company can be formed to establish and work the new line of telegraph on the principles laid down in that memorandum.

The whole capital of the company, to complete an independent telegraphic connexion between Great Britain, Canada, New Zealand, and the Australian Colonies, may be placed at £2,500,000.

This capital may be divided into two parts, viz., £1,500,000 to bear a low rate of interest, secured for 25 years by Government subsidies; £1,000,000 to be share capital apportioned between Australian, Canadian and English capitalists.

This capital will be ample for the whole undertaking. With regard to the restoration sinking fund, I have consulted some of the best experts on ocean telegraphy on the general question, and I learn that opinions are rapidly changing with respect to the life of modern cables. The first cables laid may be considered to have been to a large extent experimental, and advantage may now be taken of the very large experience gained.

It is found that in ordinary cases the breakages are apt to take place within a comparatively few years after the cables are laid, and that once properly repaired faults are not likely to recur.

The opinion is gaining ground that the life of a cable, as now made, instead of being 10 or 12 years, is more likely to be double that period. As the conductors and insulating materials employed are practically indestructible, it is difficult to conceive that a cable, after lying 20 or 25 years at the bottom of the ocean performing its functions satisfactorily, will not continue to be serviceable for an indefinite period. I mention these views to show that there does not appear to be any sufficient reason for burdening an enterprise at its inception by providing a large sinking fund for restoration at a very early date. Be that as it may, the soundness of the principles I have laid down in the memorandum cannot be gainsaid.

We are aiming to establish a work which will result in all future years in a great saving to each colony. It is suggested that each colony, in proportion to the saving effected, should set aside a small portion of the money so saved to keep the work which effects the economy in an efficient condition. For every hundred pounds saved, £10, or perhaps eventually £5 or less, is proposed to be funded to cover possible contingencies.

With regard to the probable earnings for revenue purposes, it will be seen, on reference to the memorandum of 6th April, that the foreign business of the Australian colonies for the year 1889 is estimated to be 85,000 messages, or about 850,000 words. It is not to be expected that the whole traffic will come to the new line, for the existing telegraph company will undoubtedly reduce its charges in order to retain a share of the business.

Let us assume that the business will be equally divided, and that the new company will only have half of the 850,000 words; this will give 425,000 words, and we may reckon this business at 4s. per word, as the terms made with the Canadian Pacific Railway Company will admit of "through" messages being sent at that rate.

425,000 words at 4s.....	£ 85,000
Less cost of working and land service, say.....	40,000
Giving a balance of.....	£ 45,000

equal to 4½ per cent. on £1,000,000. This estimate is for the first year the line can be in operation. On careful examination it will be seen that the estimate is an exceedingly moderate one, no allowance having been made for the great impulse which will undoubtedly be given to telegraphy and general business by the large reduction in charges.*

* Referring to the recent great reduction in charges between London and New York, the report of the directors of the direct United States Cable Company for the six months ending 30th June last states: "So far the reduction has resulted in more than doubling the volume of traffic, and the directors are "not without hope that with a revival of trade it may be still farther increased." The report of the Anglo-American Telegraph Company also states that the traffic has increased over 110 per cent. since the rates were reduced.

There cannot be a doubt that the earnings will go on greatly increasing, while the working expenses will increase but little. It would not be at all a high estimate to double the net earnings in a very few years. This would give 9 per cent. on the whole share capital, and it may be assumed as certain that the increase would continue year by year.

I have explained that a subsidy is needed for the purpose of securing a million and a-half of pounds at a low rate of interest. If the Government subsidies be sufficient to provide a sinking fund to pay off the £1,500,000 in 25 years, it would be proper to carry all excess of revenue over a given dividend, say over 7 or 8 per cent., to the restoration sinking fund.

It will be noted, as one of the proposed conditions, that not only will the charges on messages be reduced to less than half the present rates, but that messages sent by any Government shall be transmitted free to the full amount of its subsidy. This feature will place it in the power of each contributing Government to receive directly back each and every year its full proportion of the subsidy contributed.

I respectfully submit that the scheme above outlined is perfectly practicable; it will no doubt find warm and active hostility on the part of those pecuniarily connected with the existing telegraph company—those whose policy has been to maintain high rates in order to secure large profits. Such objections as they may offer should have little weight in view of the great Imperial and Colonial advantages which the new undertaking will secure. The better policy for the companies to adopt will be to lower charges on messages and derive profits from the greatly augmented business which will certainly follow.*

The terms and conditions which I have indicated would undoubtedly command the organisation of a substantial and energetic company to carry out this new and important undertaking in the most satisfactory manner.

I have, &c.,
SANDFORD FLEMING.

Sir CHARLES TUPPER, G.C.M.G., C.B.,
High Commissioner for Canada.

IV.—7.

[Enclosure.]

Telegraph between Australia, Canada and Great Britain.

Memorandum by Mr. Sandford Fleming.

1. It is proposed that a company be formed for the purpose of establishing telegraphic communication between Australasia and Great Britain by a new and independent line. This new telegraph is projected to traverse lands and seas beyond the control of any power likely to prove hostile to the British Empire.

2. It is proposed that a chain of electric cables be laid across the Pacific Ocean, to connect the Australian group of colonies with Vancouver, the western terminus of the Canadian Pacific Railway. The cables to land at such intermediate islands as may be found suitable for mid-stations.

3. Arrangements have already been made with the Canadian Pacific Railway Company for the transmission of all through telegraph business between the Pacific and Atlantic oceans on extremely favorable terms.

* Since the date of this letter the reports of the Associated Atlantic Cable Companies for the past half-year have been published. They generally favor this new policy. The low tariff introduced has resulted in a very much larger augmentation of traffic than was anticipated as a first result. "The "unexpected increase in the volume of traffic immediately upon the introduction of the sixpenny tariff "has induced the directors to consider the expediency of adopting permanently a system of low "rates. * * * It is obviously their interest to encourage a very large traffic at low rates."—Report A. A. Tel. Company.

4. It is proposed to acquire complete control of one of the existing Atlantic cables landing on the shores of Canada, or to lay a new cable from Canada to Great Britain.

5. The whole line may be divided into three great sections, viz. :—

(A.) *The Pacific Section.*

This section will consist mainly of electric cables, the lengths of which after allowing for slack will approximately be as follows :—

	Knots.
(1.) Brisbane or Sydney to North Cape, connecting at the former with the Australian telegraph system, at the latter with the telegraph system of New Zealand	1,300
(2.) North Cape to one of the Fiji Islands	1,240
(3.) Fiji to Fanning Island	2,270
(4.) Fanning Island to one of the Sandwich Islands	1,260
(5.) Sandwich Island to Barclay Sound or Port San Juan, Vancouver Island	2,730
(6.) Barclay Sound across Vancouver Island and the Strait of Georgia to Vancouver city, the terminus of the Canadian Pacific Railway	100
Geographical miles	8,900

(B.) *The Canadian Section.*

This section will extend along the Canadian Pacific Railway and the Intercolonial Railway to connect with an Atlantic cable. If it be found necessary to lay a new Atlantic cable, the land line will probably terminate at Gaspé in the Province of Quebec. Distance from Vancouver to Gaspé, statute miles 3,450

(C.) *The Atlantic Section.*

A new Atlantic cable from Gaspé *vid* the Straits of Belle Isle to Ireland.....Geographical miles 2,450

6. These three great sections connected, and the business under one management, it will be possible to reduce permanently the charges on messages to the lowest practicable rates, and thus render the line of the greatest commercial utility. It is believed that the reduction in rates contemplated, and rendered possible by the satisfactory terms agreed upon with the Canadian Pacific Railway Company, will give a great impetus to telegraphy and promote the development of intercolonial intercourse and commerce.

7. The arrangements proposed, and the terms agreed upon, will admit of messages being sent from Australia to Great Britain, on the opening of the new line, at less than half—eventually, it is believed, at one-third—the charges at present exacted.

8. While the new line, established as set forth, will stimulate commercial activity between the countries to be connected, its political, naval and military value will be very great indeed. It is well known to naval and military commanders that no reliance can be placed on the permanency of communications by way of the Mediterranean and the Red Sea, and it becomes obvious that the line through Canada may, during any emergency, assume incalculable importance. The cable across the Pacific will always be removed from the theatre of European complications. It will not only be a direct means of communication between the Australian colonies and the mother country, but if an emergency arises to render every wire through Europe

and Egypt useless, it will still be possible to communicate with India; indeed, every British station between South Africa and Port Hamilton may continue in telegraphic connection with London.

9. To secure advantages so great—and it is difficult to say whether in a commercial, political, naval, or military aspect the advantages would be greatest—Government aid and co-operation is necessary; but as there are twelve Governments more or less interested in the undertaking moderate assistance from each will suffice.

10. The following Governments are interested in the new line of telegraph:—

1.	The Government of	Great Britain.
2.	do	Canada.
3.	do	Hawaii.
4.	do	Fiji.
5.	do	New Zealand.
6.	do	New South Wales.
7.	do	Queensland.
8.	do	Victoria.
9.	do	South Australia
10.	do	Western Australia.
11.	do	Tasmania.
12.	do	India.

Of these Hawaii has offered $20,000 a year (say £4,000) for 15 years to be connected telegraphically with San Francisco, and it may be assumed that that subsidy will be available to the proposed company. The principal assistance, however, will require to be furnished by Great Britain and her colonies.

11. It is proposed that Government aid should be directed to two main objects, viz:—(1.) To secure the establishment of the cables across the Pacific Ocean; (2.) To provide for their permanent efficiency.

The first main object—the establishment of the cables across the Pacific—can be effected if the Government assistance takes the form of an annual subsidy sufficient in amount to pay a low rate of interest and provide for amortization on a large portion of the capital required for this section of the undertaking. The remaining capital may be share capital, and will have to depend for dividends on earnings.

12. The perpetual efficiency of the cables can be maintained in another way. It has been customary to make provision for this purpose out of earnings, but this course necessarily has a tendency to keep rates for the transmission of messages high. The policy recommended is to reduce traffic rates to a minimum, and in order to do so, earnings should be charged with as little as possible beyond working expenses. It is therefore suggested that the renewal and duplication of the cables may be effected by a special provision. In the memorandum attached hereto (6th April, 1886), it is clearly shown that the establishment of this new line in the manner set forth will result in a very large saving in the gross foreign telegraph business of all the colonies it will serve. A comparatively small percentage of the savings so effected would provide for renewing, duplicating and maintaining the cables in perpetual efficiency. It is proposed, therefore, that a restoration fund be provided from this source. Taking as a basis for computation the difference between present charges and the reduced charges, probably five per cent. or less will eventually be found sufficient; but it is suggested that at first ten per cent. of the savings accruing to each colony should annually be funded for the purpose set forth. If after a period of ten or more years it will be found that less than ten per cent. will effect the desired purpose, a smaller percentage of the savings may be carried to the restoration fund. The object in view is to provide sufficient but no more than sufficient, to restore the cables whenever they may become unserviceable, and to maintain the line of communication in the highest condition of efficiency for the business to be transacted.

13. These provisions assented to, it will be possible, immediately on the cables being laid, to adopt a scale of charges for ordinary messages between the Australian Colonies and Great Britain of 4s. per word, press messages at half or considerably

lower rates. It is proposed that Government messages be transmitted free of charge to the full amount of the subsidy, and to take precedence of all other business.

BATT'S HOTEL, Dover Street,
LONDON, 1st July, 1886.

IV.—8.

(Appended to Letter dated London, 10th July, 1886.)

CANADIAN AND AUSTRALIAN CABLE.

MEMORANDUM submitted to the Canadian Government by Mr. Sandford Fleming.

OTTAWA, 6th April, 1886.

A few years back attention was directed by the undersigned to the importance and practicability of connecting Great Britain telegraphically with China, India, Japan, and the Australian Colonies, by a line passing through Canada, and by one or more cables laid in the Pacific Ocean.

The subject was reverted to last year in a letter dated 20th October, 1885, addressed to the Premier, the Right Honorable Sir John A. Macdonald.

Since these dates the Canadian Pacific Railway Company has completed a line of telegraph from the Atlantic to the Pacific, thus establishing an important section of the original scheme, leaving to be completed only the cable across the Pacific.

The Australian Colonies are already connected telegraphically with England by way of Port Darwin, Singapore, Penang, Madras, Bombay, Aden, Alexandria, and through the Mediterranean Sea. The charges for messages are, however, very high, and there is always danger of interruption to business when political events assume a threatening attitude in Egypt or in Europe.

A cable from the Australian Colonies, *via* Fiji and the Sandwich Islands to Vancouver, the western terminus of the Canadian Pacific Railway, would connect them telegraphically with England by a line which would have the great advantage to every British interest of being entirely removed from all European complications. Moreover, a very large aggregate saving in the cost of transmission would be effected.

The Australian Colonies were first connected with England in November, 1872, consequently the following year (1873) was the first year the international line was in operation. The business in 1873 consisted of 8,952 messages to and from the colonies. The last returns are for 1884, when the messages sent and received reached 48,896; showing an extraordinary development in 11 years, averaging an annual increase of 40 per cent. This increase may, however, be abnormal, and as the last three years of the period show a more moderate growth, it will be safe to take the latter as a basis on which to estimate future business.

The number and cost of messages between the Australian Colonies and Europe, for the three years referred to, was as follows:—

	No. of Messages.	Cost.
1882.....	39,175	£ 225,567
1883.....	43,334	251,277
1884.....	48,896	270,766

These results give a fair indication of the steady growth of the business under the present high tariff.

The annual increase in the number of messages is equal to 12½ per cent., and the average cost of each message sent during the three years 1882, 1883 and 1884, is £5 13s. 9d.; the charge of ordinary messages per word (between Sydney and London) being 10s. 10d., Government messages 8s. and press messages 6s. 7d.

The undersigned has brought the question of a cable from Vancouver to Australia before the Board of Directors of the Canadian Pacific Railway, and has succeeded in

effecting arrangements of a most satisfactory character. This company will, within a few weeks, have telegraphic connections with all the principal points in the United States, including all the important cities on the Pacific coast, and will be able to transmit messages on such terms as will enable the Pacific Cable Company to secure practically the entire business between the Continent of America and the Australian Colonies. The cable leading from Port Darwin, in the direction of India, will, moreover, enable the new company to command a very large share, if not all, of the business between America and Asia.

It will be practicable under these arrangements with the Canadian Pacific Railway Company to transmit messages between the Australian colonies and England at considerably less than one-half, possibly at one-third, the present charges, and between the colonies and all the important cities in the United States and Canada at one-quarter the rates now exacted.

It is proposed, immediately on the Pacific cable being laid, to lower the charges on ordinary messages between Australia and England from 10s. 10d. to 4s. per word. This reduction will bring the cost of an average message from £5 13s. 9d. down to £2, and without doubt will give a very great impetus to telegraph business. It is not easy to estimate with any approach to accuracy what increase would result from this cause—men of experience in such matters are of opinion that the business would probably be doubled; but even if we limit our expectations to its ascertained normal growth, and base our calculations on a steady increase of traffic of only 12½ per cent. per annum, we shall see that the advantage of the new line to the colonies will be immense.

The latest returns with 12½ per cent. per annum added give 85,000 messages for 1889. Assuming that the new cable would then be laid and the Canadian route in operation throughout, the estimate for a series of years would be as follows:—

	No. of Messages based on an annual growth of 12½ per cent.	Saving effected, being the difference between £5 13s. 9d. and £2, or £3 13s. 9d per Message.
1889	85,000	£ 313,400
1890	95,000	350,275
1891	107,000	392,550
1892	119,000	438,800
1893	133,000	490,420
1894	148,000	542,050
1895	166,000	612,125
1896	186,000	685,875
1897	208,000	767,000
1898	234,000	862,000
Total	1,481,000	5,456,497

It will thus be seen that, without taking into account any additional increase in the number of messages which the great reduction in charges would undoubtedly produce, a very great saving would be effected in the Australian business. If the estimate be well founded it would amount to £5,456,497 within the first 10 years, being an average saving of over half a million pounds per annum.

The new line when established will form a connection through South Australia with Port Darwin, and thence by existing telegraph lines with Asia and Africa. It is obvious, therefore, that it possesses a peculiar interest to the Imperial Government, as it will afford the means of communicating not only with the Australian Colonies independently of lines passing through the Mediterranean, but also with India and every British station between Hong Kong and South Africa.

Canada has already done much towards establishing the new line of telegraph between Great Britain, Australia and Asia. She has, by an enormous expenditure in connection with her national railway, brought Vancouver within telegraphic reach

of England, and she has thus rendered it a comparatively easy task to complete the whole connection. It has cost in all about £40,000,000 of public and private money to establish the railway and its adjunct, the telegraph, by which Vancouver has attained the commanding position which it occupies in respect to the Pacific cable scheme. The Pacific cable, is however, in some degree a corollary to the line across the continent, and it is reasonable to expect that the Canadian Government will readily co-operate in its establishment.

The following Governments are more or less interested in the undertaking:—

1. The Government of Great Britain.
2. do Canada.
3. do Hawaii.
4. do Fiji.
5. do New Zealand.
6. do New South Wales.
7. do Queensland.
8. do Victoria.
9. do South Australia.
10. do Western Australia.
11. do Tasmania.
12. do India.

It will not be possible to carry out the undertaking by a private company without Government assistance. As electric cables are perishable, provision must be made for renewing or duplicating them when circumstances require it. It is also obvious that the reduced charges which are proposed will require a greatly increased business to yield a sufficient profit to meet dividends on capital. The company would, therefore, require a subsidy for a term of years or until the business increased to such a volume as to render the line self-sustaining. But as the subsidy would be borne by so many Governments it would fall lightly on each.

The first step to be taken is to ascertain to what extent the several Governments would be disposed to co-operate in establishing the work.

IV.—9.

(Appended to Letter dated London, 10th July, 1886.)

TELEGRAPH FROM CANADA TO AUSTRALIA.

LETTER TO THE PREMIER OF CANADA BY MR. SANDFORD FLEMING.

OTTAWA, 20th October, 1885.

SIR,—I had the honor a few years back to submit to the Canadian Government a scheme for forming a great intercolonial and intercontinental telegraph system, a prominent feature of which was the laying of an electric cable across the Pacific Ocean, from the western coast of British Columbia to Asia. The great object which the scheme had in view was the establishment of an unbroken chain of telegraphic communications between England and Japan, China, India, Australia, New Zealand, and South Africa, directly through Canada, thus connecting telegraphically all the great British possessions in every quarter of the globe without passing through Europe.

The accompanying memorandum, dated London, 20th November, 1882, together with the documents submitted by the Secretary of State to the Canadian Parliament on the 20th February of the same year, will recall to your recollection the important public objects which the scheme had in view, and the efforts then made to carry it out. You are aware that through various causes these efforts proved unsuccessful; but the time which has elapsed has in no way lessened the importance of the project, or rendered it more difficult of accomplishment.

The political events which have so frequently assumed a threatening attitude in Europe, the difficulties which are never entirely absent from Egypt, point to the constant danger of interruption to existing communications by the Red Sea, and the immense importance of securing an independent line of telegraph removed from all Eastern complications. The projected line, extending from England through Canada to the Pacific coast, in the province of British Columbia, and thence across the Pacific to Asia and the Australian provinces, would supply an independent line of communication so much desired, and in so doing would indirectly but—it is held—very materially strengthen the military and naval power of Great Britain, while it would directly promote the highest interests of every one of the great Colonial possessions.

Within the present year an overland line of telegraph will be completed along the route of the Canadian Pacific Railway, thus spanning the American continent, and there are a number of electric cables in operation across the Atlantic from England to Canada. The Canadian Pacific Railway Company have expressed a desire to facilitate the despatch of through telegraphic business along their line in every possible way, and are prepared to enter into a permanent agreement which, with the competition existing on Atlantic lines, will secure exceedingly low tariff rates between England and the coast of British Columbia. There only remains to be established the submarine telegraph across the Pacific Ocean.

When the accompanying memorandum was issued it was thought that the Pacific cable should follow a northern route by the Aleutian Islands and Japan. It was generally believed that in the great central area of the Pacific Ocean subaqueous rocky ledges and coral reefs prevailed to such an extent as to render the establishment and maintenance of an electric cable practically impossible. That opinion was based on an imperfect knowledge of the physical character of the Pacific Ocean, and on the charts which at one time were strewed with islands, reefs, and shoals, many of which were inserted on doubtful authority, and have consequently been omitted from the latest publications. Since then, also, it may be supposed that submarine telegraphy is better understood. Be that as it may, the view is now entertained that it may not be absolutely necessary to follow a northern route, and that the successful establishment of an electric cable running directly from British Columbia to the Australian provinces may be quite within the range of practicability.

There are, indeed, extensive coral reefs in the central and southern Pacific; but the most authentic hydrographic information establishes that those reefs are generally in great groups, separated by wide and deep depressions free from obstruction. It is further revealed by the latest bathymetric data that those depressions or troughs present (as far as ascertained) a sea floor precisely similar to that of the Atlantic, so suitable for submarine telegraphy. Those ocean depressions, alike by their geographical position and their continuity, open up the prospect of connecting Canada and Australia by a direct cable. The course of the cable would be from Vancouver to the Fiji Islands, touching at the Sandwich Islands and Fanning Island as mid-stations. From the Fiji Islands a cable connection would be formed with the existing Australian and New Zealand telegraph systems.

Whatever route be followed by the cable across the Pacific, the object will be to bring the group of Australian Colonies into direct telegraphic connection with Canada, and secure a means of communication between them and England independent of all lines passing through or in proximity to Europe. Messages will be conveyed by the new line at lower rates than are now exacted, and the immediate effect which must follow its establishment is manifest. The cost of telegraphing between Australia and England will be reduced, intercourse will be facilitated between the sister colonies and Canada, and an impulse given to commercial activity.

Apart altogether from the political advantages of the new independent telegraphic connection, the gain to the general commerce of the colonies which it would serve would justify them in co-operating with Canada in promoting the undertaking.

The undertaking may be promoted by the several Governments agreeing to give for a term of years a subsidy sufficient to induce a company to embark in it. The

subsidy may be a fixed sum, contributed in equitable proportions, or it may be dependent on the business transacted by each respective colony, and on the reduction in rates which would follow immediately on the line going into operation.

It is quite obvious that the gross foreign telegraph business of any one colony, reckoned at the difference between the present high rates and the reduced charges, would produce a considerable aggregate sum. That sum might be taken to represent the year's savings accruing to the colony from the establishment of the new line of telegraph, and it would obviously well repay that colony to share the amount so saved with the telegraph company. Suppose the accrued saving so reckoned in any one year to be fifty thousand pounds, a moiety to the company as a subsidy would be twenty-five thousand pounds, while the colony itself would gain a direct pecuniary benefit from the undertaking to a like extent. The illustration as presented will explain the principle on which a subsidy may be based.

Among the British possessions in the southern hemisphere directly interested in the work are Fiji, Tasmania, New Zealand, Western Australia, Queensland, New South Wales, South Australia, and Victoria. I venture to think that their co-operation with Canada in the manner set forth would, without difficulty and with no great delay, secure to them and to the whole British colonial system all the political and commercial advantages to result from the projected line of communication.

As the contemplated work is of special importance to the mother country and all her colonies, I trust I may be allowed to entertain the hope that you will be pleased to bring the subject under the notice of the respective Governments.

I have, &c.,
SANDFORD FLEMING.

The Right Hon. Sir JOHN A. MACDONALD.

IV.—10.

TELEGRAPH BETWEEN AUSTRALASIA, CANADA, AND GREAT BRITAIN.

LONDON, 19th July, 1886.

SIR,—The undersigned, who were present at the meeting of the Agents General on the 12th instant, having been requested by you to ascertain the amount of subsidy which would be necessary to enable a company to connect England telegraphically with Australia through Canada and the Pacific Ocean, have the honor to state:—

We have considered the whole question and are of opinion that a substantial company can be formed to establish an efficient telegraph connection on the route proposed for a total annual subsidy of £100,000 for 25 years.

The subsidy may be apportioned as follows, *i. e.*:—

1. Great Britain, on behalf of the United Kingdom, India, and the Crown Colonies	£50,000
2. Canada	10,000
3. Queensland	10,000
4. New South Wales	10,000
5. Victoria	10,000
6. New Zealand, Tasmania, and Western Australia	10,000
	£100,000

Or should the Imperial Government, by an arrangement with the Colonial Governments, itself guarantee the whole amount, the total subsidy may be considerably reduced, as the Imperial guarantee would enable the company to find capital at a lower rate of interest. With such guarantee a total subsidy of £90,000, for twenty five years would suffice, and thus reduce the annual contributions.

The subsidy mentioned is calculated to pay interest on borrowed capital, and provide a sinking fund for its repayment in twenty-five years.

As the company would transmit all the messages of the various contributing Governments free, and the rates chargeable to the public for "through" messages would not be more than one-half the present regular tariff charges, Great Britain and the colonies would save a much greater sum than the amount of subsidies above proposed.

If the several Governments agree to pay over to the company a percentage of the gross savings which would thus be effected by each country, the company could still further reduce the charges to the public.

We have, &c.,

DONALD A. SMITH,
RANDOLPH C. WANT.
ANDREW ROBERTSON.
MATTHEW GRAY,
SANDFORD FLEMING.

The Honorable Sir CHARLES TUPPER, G.C.M.G., C.B.,
High Commissioner for Canada, London.

IV.—11.

CABLE COMMUNICATION BETWEEN AUSTRALIA AND GREAT BRITAIN.

REPORT OF SUPERINTENDENT, ELECTRIC TELEGRAPHS, ON REDUCTION OF RATES FOR CABLEGRAMS AND DUPLICATION OF SUBMARINE CABLES.

Ordered by the Legislative Assembly to be printed, 21st April, 1886.

I have carefully considered the proposals made by the Eastern and Eastern Extension Companies for a reduction in cable rates between Great Britain and the Australian Colonies, and have the honor to submit the following report:—

At the Telegraph Conference held at Berlin in August and September, 1885, it was decided, subject to the removal of some slight difficulties, such as a reduction of the transit rates through India, to make a reduction of 2s. per word on cable messages for the public, and 3s. 9d. per word reduction to the press, also a proportionate rate for the Government, which would have made the rates, from the 1st July next, 8s. 8d. per word to the public and 2s. 8d. per word for the press, which would have been satisfactory to all concerned; but, in consequence of India refusing to reduce from 7s. to 5d. per word, which even then would be double her own local rate for the conveyance of messages a distance of 650 miles, this was not carried out; and the Eastern Extension Company have from time to time made new proposals to the colonies, which have been more or less impracticable.

The last proposition appears to me to be the only feasible one they have made—*i. e.*, if the payment of the present subsidy of £32,400 per annum (New South Wales proportion being £12,617) be extended for a period of 6¼ years, they will reduce the rates for public messages to 8s. per word to Adelaide—this would be about 25 per cent. on the present tariff—to secure which I think the contributing colonies, Victoria, New South Wales, South Australia, and Western Australia, should accept.

There are several proposals for duplicate cables, but they are vague and unsatisfactory. Sir Julius Vogel suggests a cable from Queensland to England, by what route he does not say; another from Perth to Ceylon, and another *viâ* Mauritius, Natal, and the Cape. Every one of these lines would run into the Eastern Company's systems; for instance, if a line were taken from Cape York or Normanton to Java, Singapore, or Manilla, the whole of the business would be conducted from there by the Eastern and Eastern Extension Companies; and even if it were

extended to Hong Kong and Shanghai, the messages would be carried from there by the Great Northern Company through Russia, which has a joint-purse agreement with the Eastern Company, so the public would fare no better.

A cable from Perth to Ceylon, 3,500 miles, would be a very long lead, and would require an expensive cable, with enormous copper conductivity, to work at anything like speed, and no object would be gained, as the line would only work into the Eastern or Indo-European cables *via* the Persian Gulf, which also work on the joint-purse system with the Great Northern; so again the Australian traffic would be entirely at the mercy of the existing companies.

A line from Western Australia to Mauritius and the Cape is almost too ridiculous to be spoken of, and, even if carried out, the business would share the same fate, as the Eastern Company have the lines on the east coast of Africa, from the Cape to Natal, Mozambique, Zanzibar, and Aden, also the new line on the west coast, which, I believe, is to be extended to join the Brazilian cables either at Pernambuco or St. Vincent, so that there is no prospect for an opposition duplication to the existing cables by either of these routes, unless an entirely through course to England could be selected; even then Egypt could not grant a land line from the Red Sea to the Mediterranean, as she receives a subsidy of £7,000 per annum from the cable company for exclusive right of transit through that territory.

The only possible way out of the difficulty would be to construct a series of cables from New Zealand to San Francisco or Vancouver's Island. This would necessarily be very expensive and very risky, as the whole of the sections would terminate on coral reefs, which are most destructive to cables. The first section would be from New Zealand to Levuka, Fiji, a distance of 1,239 knots, with an unsurveyed depth of water; the next section would be to Apia, Samoa, 680 knots, also coral formation; thence to Honolulu, 2,404 knots, the only landing being through coral reefs; from Honolulu to San Francisco, 2,197 knots. The only soundings throughout the route are a few taken by the United States frigate "Tuscarora," which in some places were over five miles in depth, so that a cable for these seas must necessarily be an expensive one (and the price quoted in the Agent General's letter, dated 29th January, 1886, would be quite under my estimates), as it would be impossible to pick up a starved cable in such depths, considering that it would not support its own weight in water while being hauled to the surface.

The cost of this line would be £2,000,000 sterling.

The expenses per annum for working this line properly would be—

Five stations, at £2,000 each	£ 10,000
Two cable steamers, crew, coal and repairs	20,000
Sinking fund for renewals and replacing cables within 20 years, at per annum, say	80,000
Interest on capital, at 5 per cent. per annum	100,000
	£210,000

Taking 300,000 words per annum as the probable traffic, at 5s. per word to San Francisco, and 2s. from San Francisco to London, or 7s. per word, and including the cable to New Zealand, making 7s. 6d. per word from Australia to England, 300,000 words at 5s.—£75,000, which would not be sufficient to provide a sinking fund for renewals, without heavy Government subsidies from the colonies.

Take the probable traffic at 400,000 words per annum, at 5s. per word to San Francisco, £100,000, which is not sufficient to cover working expenses and renewals.

I believe Mr. Audley Coote's proposal at one time was to convey messages from Australia to London for 5s. per word, *viâ* San Francisco; this would leave 3s. per word for the Pacific cables, and allow 2s. for transit from San Francisco to London.

The whole traffic for the year 1885 from and to Australia was 556,660 words, which at 3s. per word would give a return of £83,499 per annum, which would not provide sufficient for renewals and replacing cables in 20 years.

The routes suggested by Sir Julius Vogel are scarcely worth further analysis; but to show how impracticable they are, even as regards tariffs, and how impossible it would be to reduce the rates by adopting either of them, I will quote the rates now charged from the terminals of these proposed cables.

A cable from Queensland would have to connect with the Eastern Extension Company's system either at Manilla or Singapore.

The present rate per word.—

	s.	d.	
Manilla to London	10	0	per word.
Singapore to London	6	5	do
Or if extended to Shanghai to connect the Great Northern lines, through Siberia, the rate from Shanghai is	8	4	do
From Queensland to Point de Galle— the rate from Point de Galle to London	4	10	do
From Queensland to Java—Batavia to London	6	10	do
From Perth to Ceylon—Ceylon to London	4	10	do
Western Australia to Mauritius, thence to Natal —Tariff, Natal to London	8	9	do
And even if this line were extended along the west coast of Africa to Pernambuco—Pernambuco to London	9	0	do
St. Vincent to London	4	0	do

So that if these lines were constructed as proposed by Sir Julius Vogel there could be no possible reduction in rates on the Australian business.

I am sure the public will be better served by accepting the proposal for an extension of the subsidy, than by paying a syndicate a large sum annually for procuring nothing more than the Colonial Governments interested can secure by negotiating, direct with the cable companies, with the additional advantage that they (the Governments) can raise the money necessary at a less rate than the syndicates; but I do not advise this Government to undertake the working or management of any submarine cable, neither would the gentlemen offering their services take any risk or responsibility after they have raised the money, laid the cables, and taken their proportion of the profits.

This colony is now paying an annual subsidy of £12,617 for cables, which will extend over a period of 13½ years yet to run, and I do not consider that it is necessary or wise to increase our expenditure in that direction—the colonies are very well served; and, without very considerable additional subsidies, as I have already shown, no sweeping reduction of rates can be secured. If the non-contributing colonies, New Zealand and Queensland, are so anxious for new routes and new cables why do they not take up the offers of the syndicates themselves?

Queensland has been offered a duplicate cable from Normanton to the Roper, free of expense and without extra tariff, and South Australia, I have been informed, is willing to construct a land line to connect the Roper River with Port Darwin, so that a complete duplication of the international system would be ensured; but, for some unexplained reason, the Government of the former colony has refused this gift, which would cost the company £70,000, although their cablegrams would come to them direct, instead of going round by Adelaide and Sydney, which must cause them very great inconvenience and delay, and debars the southern colonies the advantage they would otherwise gain by having an alternative route in the event of interruptions on the overland line to Port Darwin. I am sure that this matter could not have been seriously considered by the Queensland Government, or they would have allowed the end of a cable to be landed on their shores in the Gulf of Carpentaria, for the benefit of their own commerce and that of their neighbors.

I quite concur in the Agent General's remarks, in his despatch dated 29th January, 1886, *re* the extension of the term for the payment of the subsidy, and do

not consider that any better course can be adopted to ensure the maximum reduction in rates at the minimum expense to the colony. We are now bound to an annual subsidy for 13¾ years, and we should certainly not increase our liabilities by encouraging syndicates to undertake new works, with doubtful results, and which are not absolutely required.

In reference to the Agent General's despatch, dated 12th February last, I do not think the reduction of 1s. 4d. per word to the public from 1st July is worth consideration, as it will be too small a concession to make any visible increase in the number of words sent, and will not be appreciated by the mercantile community.

It is also clear that the whole of the colonies will not agree to contribute anything to the duplication subsidy on the Darwin-Singapore cables, Queensland and New Zealand having already refused to join.

As regards the 2s. 8d. per word for the press, which is to take effect at once, if the colonies agree that the non-contributing colonies should share in the concession, there can be no objection to this, as neither Queensland nor New Zealand get their press messages direct; they are either compiled in Sydney or Melbourne.

E. C. CRACKNELL,

Superintendent, Electric Telegraphs.

SYDNEY, NEW SOUTH WALES, 31st March, 1886.

A.

STATEMENT showing the proportions payable per annum by the Australasian Colonies in order to recoup, so as to cover the following expenses, viz.:—

Maintenance of five stations, at £2,000 each per annum	£ 10,000
Maintenance of two cable steamers, at £10,000 each per annum	20,000
Sinking fund for renewals and replacing cables	80,000
Interest on cost of cable (£2,000,000), at 5 per cent	100,000
Total	£210,000

CALCULATED ON BASIS OF POPULATION AT 3RD APRIL, 1881.

Colony.	Population at 3rd April, 1881.	Proportion payable on business—300,000 words at 5s. Deficiency, £135,000.			Proportion payable on business—460,000 words at 5s. Deficiency, £110,000.			Proportion payable on business—556,660 words at 3s. Deficiency, £126,501.		
		£	s.	d.	£	s.	d.	£	s.	d.
Victoria	882,232	42,031	13	9	34,248	0	10	39,385	11	2
New South Wales	781,285	37,221	7	5	30,328	10	6	34,878	1	7
South Australia	291,297	13,973	7	8	11,385	14	5	13,093	13	8
Western Australia	30,013	1,429	17	10	1,165	1	11	1,339	17	6
New Zealand	500,910	23,864	11	6	19,445	4	2	22,362	3	4
Queensland	226 968	10,813	6	2	8,810	16	11	10,132	11	0
Tasmania	118,923	5,665	15	8	4,616	11	3	5,309	1	9
	2,833,608	135,000	0	0	110,000	0	0	126,501	0	0

B.

STATEMENT showing the proportion payable per annum by the undermentioned colonies in order to recoup, so as to cover the following expenses :—

Maintenance of five stations, at £2,000 each per annum.....	£ 10,000
Maintenance of two cable steamers, at £10,000 per annum....	20,000
Sinking funds for renewals and replacing cables.....	80,000
Interest on cost of cable (£2,000,000) at 5 per cent.....	100,000
Total.....	210,000

CALCULATED ON BASIS OF POPULATION AT 3RD APRIL, 1881.

Colony.	Population at 3rd April, 1881.	Proportion payable on business—300,000 words at 5s.—gives £75,000. Deficiency, £135,000.			Proportion payable on business—400,000 words at 5s.—gives £100,000. Deficiency, £110,000.			Proportion payable on business—556,660 words at 3s —gives £83,499. Deficiency, £126,501.		
		£	s.	d.	£	s.	d.	£	s.	d.
New Zealand.....	500,910	79,856	16	9	65,068	10	8	74,879	8	1
Queensland.....	226,968	36,184	0	9	29,483	5	10	33,906	1	1
Tasmania.	118,923	18,959	2	6	15,448	3	6	17,765	10	10
	846,801	135,000	0	0	110,000	0	0	126,501	0	0

IV.—12.

THE EASTERN TELEGRAPH COMPANY, LIMITED,

WINCHESTER HOUSE, 50 OLD BROAD STREET, E.C.,

LONDON, 28th January, 1887.

DEAR SIR HENRY,—In confirmation of what I said to you at our interview a few days ago I have now the pleasure to enclose copies of letters and memoranda, which have been transmitted to the Australasian Colonies and to the Cape, having for their object the possible establishment of a lower tariff for telegraph messages. If the low rates which I have suggested can be brought into force through the means which I have pointed out to our colonies, I believe that within a very short period of time the guarantees mentioned would be nominal. But the risk of the introduction of these rates is one which must be borne by the respective Governments, for the reasons which I have stated.

I am sure that so material a reduction would be hailed by the colonists with the greatest possible satisfaction; and if at the approaching Colonial Conference no other end were achieved but this, it would be, of itself, well worth the bringing together of the representatives of these important and distant colonies, and would be productive of infinite good not only to Great Britain but to the people in these great dependencies.

Submarine telegraphy is of quite modern growth. Twenty years ago there were about 2,000 miles of cable laid, chiefly in the channel, and some of the earlier submarine cables that were laid were unfortunately so badly constructed, that they were useless for work. I might quote as an instance the old Red Sea cable.

Science has now, however, aided so greatly in the manufacture of cables that they can at the present time be laid with comparatively little risk of breakage and with an almost certainty of efficient repair. These facts account for the rapid growth of

the submarine telegraph system, which now embraces 107,000 miles at a cost of something like thirty-seven millions sterling.

I may mention as a contrast and to give an idea of the importance of this system, that the whole length of the land lines now in existence in the world is some 1,750,000 miles, which represent an estimated cost of £52,000,000.

The submarine cable system is, with the exception of some 7,000 miles, entirely under British control, and has been the result of private enterprise.

There are now, however, unmistakable signs that France, Spain, and Italy would like to have submarine telegraphs also. France and Italy especially are making not only efforts to manufacture cables, but they have been building ships with a view to laying and repairing them.

The value of the submarine system as it is now controlled, under British management, it is impossible to over-rate, either from a political or commercial point of view. I am sure that you must be alive to its importance for Imperial purposes. I am told that in regard to our enormous commerce and its relation to the movements of our great mercantile marine, both the one and the other are more or less controlled and influenced by our sub-marine system. The economy in the working of ships is very great indeed; and in commercial transactions there are few of any magnitude which do not involve the forwarding and receiving of telegraphic messages.

These circumstances show that it is of great importance that the control of the telegraphs should be, as far as possible, in British hands; while it is of equal importance that the tariffs should be as low as it is possible to make them. Private enterprise has originated and carried on these companies, but of course they must be worked with a view of giving a reasonable return to the shareholders.

The companies over which I have the honor to preside have mainly to do with the Mediterranean system, the Red Sea, Australia, New Zealand, China, Japan, the Cape and West Africa, and also one of the cables to America.

The maintenance of these systems necessitates no fewer than 10 large repairing steamers, fully equipped for laying and repairing. We have established tanks for the purpose of storing spare cable at Gibraltar, Malta, Syra, Suez, Perim, Zanzibar, Singapore, and Shanghai. In these tanks at the present moment there are no less than 1,500 miles of cable. On several occasions during the recent times of war these stores have been of great value by enabling the companies to meet the Government's urgent demands at the moment, by connecting at times Besika Bay, Gallipoli, and Princes Islands in the Sea of Marmora. Later again, Port Said and Suakim were connected.

I merely mention these facts as showing how necessary it is for the Government to keep in friendly hands such an important reserve of power which may on certain occasions become invaluable. Should the Government and the colonies come to an understanding, similar depôts would be established at the Cape as well as in our other colonies.

From my long experience I am not speaking without authority as regards the enormous value that these submarine telegraphs possess in promoting commercial relations between the various commercial centres of the world, and in bringing into daily, indeed hourly, contact all our colonies and dependencies with the mother country.

I have quite lately written to Sir Robert Herbert on this same subject, and he may in conversation with you have alluded to my letter to him, but I thought I might venture to submit to you in a separate form my views as at present laid before the Australian Colonies and Cape Colony, in the hope that you may have leisure to peruse them and if satisfied with the scheme support it at the Conference.

If these low rates which I suggest are established it would probably rank amongst the most important events of Her Majesty's Jubilee.

I am, &c.,

JOHN PENDER.

The Right Hon. Sir HENRY HOLLAND,
&c., &c., &c.

IV.—13.

[Enclosure 1.]

THE EASTERN AND SOUTH AFRICAN TELEGRAPH COMPANY, LIMITED,

WINCHESTER HOUSE, 50, OLD BROAD STREET,

LONDON, E. C., 20th January, 1887.

SIR,—For some time past the question of reducing the submarine cable tariffs has been under the serious consideration of the companies over which I have the honor to preside, and only by this mail I have been enabled to transmit to the Australasian Colonies our views on the subject, and as these were intended to apply to the South African Colonies also, the arguments used in the enclosed letter and memorandum are equally applicable to the latter.

As a preliminary step, however, I send herewith a statement showing what guarantees will be required so as to give a 5s., 4s., or 2s. 6d. rate to the Cape and Natal, and should these views be approved in principle by your Government we shall be pleased to go thoroughly into the question with your representatives during the time the Colonial Conference is being held in London, when, as I understand, the subject of cheaper postal and telegraphic communication with our colonial possessions will be discussed.

Since these documents were prepared our attention has been drawn to a report of a deputation which waited upon you in regard to an opposing line. I observe you stated in your reply that on the general question you agreed with the deputation as to the desirability of some competition with the Eastern Company, "whose charges were enormous," &c.

It is true that on several occasions references have been made to the high tariff and we have given our reasons why, for a time, it should be maintained.

When your predecessor was in London, I mentioned to him the subject of reductions under guarantee, but his opinion at that time was against the risk of entailing any additional charges upon the colony.

I may say that last year this company was only able to pay 6 per cent. upon its small share capital of £400,000, and had the whole of the capital been in shares, instead of the larger portion in debentures, the return would have been considerably less. The £600,000 debentures were issued at 4 per cent., under the guarantee of the Eastern Telegraph Company, being 2 per cent. under the rate at which telegraph debentures have been generally taken by the public; but this low interest was due entirely to the good credit of the Eastern Telegraph Company.

The dividend this company is now paying is small, taking into consideration the nature of the investment; and, apart from the subsidies, the average revenue for the last three years would yield little more than 3 per cent. upon the capital, without providing any reserve whatever.

It is true that since last September there has been an increase in the Cape traffic, due to the formation of gold and diamond mining companies, and I hope that this increase will become permanent through the successful working of the companies now established, and to be established.

I am, however, perfectly aware that to make any large permanent increase in the traffic, a very considerable reduction of rate, such as cannot possibly be made at the risk of the companies, would be required. Any small reduction would, so far as my experience goes, be simply a present loss to the companies.

The scheme which I now propose is based upon the guarantee system; it would give the colonies the entire control of the tariff—while the burden of maintaining the lines would fall upon the companies—and the low rates they could establish would, I believe, assist in largely developing the material wealth of the colonies, and thereby benefit the whole of the population. Should the increase of traffic not be such as would render the guarantee comparatively small, still the country would be benefited, whereas if the companies were to make the reduction without guarantee they would be disastrously

affected; the risk, therefore, I hold, ought to be with the colonies, and not with the companies.

I hope your Government will take this proposition, which I have now the honor to submit, into their serious consideration, believing as I do that it is the only practicable way of bringing about what we all so much desire, a thoroughly efficient system with the lowest possible tariff.

It has been urged by interested parties that an alternative line by the West Coast was desirable for security and for strategical purposes.

I hold that, either for security or strategical purposes, any line connected with the Cape must be entirely in British hands.

The Eastern Telegraph Company has lately promoted the African Direct Company which has laid 2,738 miles of cable connecting the British Settlements on the West Coast of Africa with their system, under a subsidy from Her Majesty's Government.

Another company, the West African Telegraph Company, has a line on the West Coast, connecting the settlements of Portugal, France and Spain, subsidized by those Governments; but as messages sent by that company's line are bound to pass through the territories of those nations, and must be transmitted by the clerks of those nationalities, it is certainly not an undertaking likely to command the support of the Imperial Government, nor, I should hope, that of the Cape Colonies.

So far as the traffic is concerned, neither of these lines at present pays half the working expenses of the stations, and to extend such cables to the Cape, so as to make them in every sense efficient, would require a large subsidy, which would be a great waste of money, as the line is not, for any practicable purpose, wanted at present.

Should the time, however, come when the Government or the colonies, either for additional security or for strategical purposes, require the cable to be continued to Port Nolloth or the Cape, the African Direct Company, supported by the Eastern Company, would be prepared to undertake the extension on the basis of a guarantee to be then agreed upon.

As the price of cables can be controlled by the Imperial Government, there is no foundation for the suggestion which I believe has been made, that in time of emergency higher prices would be required.

I have, &c.,

JOHN PENDER,
Chairman.

The Right Hon. Sir J. Gordon Sprigg, K.C.M.G.,
&c. &c. &c.

PROPOSED GUARANTEE FOR REDUCTION OF TARIFF WITH SOUTH AFRICA.

Eastern Company to accept guarantee of present revenue	£16,642
And South African Company to accept a guarantee of 6 per cent. on capital, after paying all expenses and providing for reserve and sinking funds.....	41,900
Estimated total amount to be guaranteed....	£58,542

The result to the Government may be estimated as follows:—

Tariff to Europe and Indian frontier	5s.	4s.	2s. 6d.
Net amount earned by companies' lines after deducting proportion of Continental Administrations.	4s. 10d.	3s. 10.	2s. 4d.
Number of words, 187,000.			
Value.....	£15,191	£5,841	£21,816
Loss to Government.....	13,351	22,701	36,726

15 per cent. increase would reduce loss to			£6,572	£17,325	£33,453
25	do	do	2,053	13,740	31,272
50	do	do		4,780	25,818
75	do	do			20,364
100	do	do			14,910

20th January, 1887.

The average receipts of the Eastern and Eastern and South African Companies for South African traffic—Natal and Cape Colony—during the last three years were as follows:—

Westward traffic	£78,000
Eastward traffic	2,538
	£80,538

Of this amount £16,642 is the proportion of the Eastern Company.

It is estimated that the South African Company would require the following sums guaranteed:—

Interest on capital of £400,000 at 6 per cent		£24,000	
Ordinary expenses		16,500	
Average expenses of cost of ship and repairs, includ- £2,500 for ships' reserve fund		22,500	
Interest and sinking fund for debentures		43,500	
Amount required to be put aside annually to replace cables at end of 20 years— 4,554 knots at £150	£683,100		
Less present reserve fund £125,000, which at end of 20 years would, at 3½ per cent. be worth	248,625		
	£434,475	15,400	£121,900
Less subsidies	£60,000		
Local traffic—Zanzibar, Mozambique, &c.	20,000		
			80,000
Estimated amount to be guaranteed			£41,900

20th January, 1887.

IV.—14.

[Enclosure No. 2.]

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY, LIMITED,
WINCHESTER HOUSE, 50 OLD BROAD STREET,
LONDON, E.C., 23rd December, 1886.

SIR,—As the question of Imperial intercommunication, which will doubtless embrace submarine or international telegraphic communication, is referred to in the published despatch addressed by the Secretary of State for the Colonies to the Colonial Governors, as one of the subjects for consideration at the Conference proposed to be held next year, and as the Eastern Extension Company, over which I have the honor to preside, is the pioneer of telegraphic communication with Australasia, and is anxious to further serve the colonies in every possible way, I take an early opportunity of placing before you the accompanying information in regard to the existing submarine telegraph cables, and as to the best manner, in my judgment, of

establishing cheap tariffs, in order that your Government may be in possession of all the facts of the case before deciding upon the instructions which they may deem it right to give to the delegates who will represent them at the Conference.

The Australasian colonies are at present in telegraphic communication with the rest of the world by means of the Eastern Extension Company's cables as far as India and China; with Egypt, Africa, Europe and the rest of Asia, by the lines of the Eastern Telegraph Company, the Indo-European Government Telegraph Department, and the Indo-European Telegraphic Company (with which administrations the Eastern Extension Company has a working agreement), and with America, North and South, by the numerous cables laid across the Atlantic.

This communication between Australia and the outer world was established by the Eastern Extension Company in 1871, without subsidy or assistance of any kind from the colonies or the Imperial Government, and, subsequently, when the importance of telegraphy became more fully recognized, and a duplicated system a public necessity, not because a single line was unequal to the transmission of the traffic, but in order to provide against the interruptions inseparable from a single line of cables, the colonies of Victoria, New South Wales, South Australia and Western Australia agreed to give the company a subsidy of £32,409 per annum for 20 years, to enable it to duplicate the cables between India and Port Darwin. Since then external submarine telegraphic communication may be said to have been practically uninterrupted, a result due to the duplication, and in some sections triplication, of the company's cables, and to the fact that they are laid for the most part in shallow water, and consequently easily repaired at almost all seasons of the year.

Thus the colonies are at present furnished with a complete and efficient telegraphic service by the existing cables, which are not only equal to the transmission of a much larger traffic than they now carry, but enjoy the immense advantage of being under English control and worked by English operators throughout their whole length. It is true that objections have been made to the present communication on the ground of its being dependent upon a single land line through Australia, but this defect could be at once and at no great cost remedied by connecting the telegraph systems of South Australia and Queensland, a proposal which the Eastern Extension Company has long urged, and to carry out which has offered to lay a cable at his own expense from the River Roper to Normanton.

I may here point out that while the route between Australia and China and Europe followed by the cables of this and the allied companies is incomparably the most secure in time of peace, it would be the more surely and easily protected in time of war, inasmuch as it is one of the sea routes most frequented by the mercantile marine, and would, therefore, be the special object of the vigilant care of the Royal Navy.

I would, therefore, submit that the existing company as the pioneer of the telegraphic communication with Australasia, is entitled to a large share of consideration at the hands of the colonies, and should have the earliest opportunity afforded to it of learning the views of the colonial authorities as to any increased telegraphic facilities which may be desired, so that it may endeavor to meet their wishes as far as lies in its power.

With regard to the question of cheap tariffs, which has for some time past engaged the attention of the colonies, there is no doubt that the existing charges are an obstacle to the general use of the telegraph. The Eastern Extension Company and its allied companies cannot, however, be reasonably asked to run the risks which a large reduction would involve, seeing that theirs is a commercial enterprise, and that after 15 years' working they are only enabled to give a moderate return to their shareholders. They have already considerably cheapened telegraphy by reducing the original rate of £9 9s. for 20 words to a word rate of 9s. 4d. for public messages, and 2s. 8d. for the press, which for the distance traversed is one of the lowest press rates on record. The latter reduction the companies had long striven to bring about, and were only lately able, after patient and persistent effort, to overcome the opposition to it by certain governmental administrations. They have, moreover, shown in every pos-

sible way their desire to further reduce the tariff, and amongst other propositions submitted to your Government, the Eastern Extension Company has, subject to the assent and co-operation of the other interested administrations, offered to make the rate any figure acceptable to the colonies down to the limit of their outpayments (at present 2s. 4d. per word), provided the average receipts for the last three years are guaranteed to them by the colonies. The acceptance of this offer would of course, reduce the companies' risk to a minimum so far as the traffic is concerned, but their responsibility of maintaining an efficient service would remain unchanged; on the other hand, it would give the Colonial Governments full control over the tariff, and enable them to establish a cheaper rate and on more favorable conditions, than could be obtained in any other way.

If the tariff were reduced to 4s. per word, and 100 per cent. increase of traffic took place, the amount of guarantee required would be about £55,000, which, based on the 1884 Census, and spread over all the colonies, would be from—

Victoria	£16,353
New South Wales	15,672
New Zealand	9,599
South Australia	5,321
Queensland	5,274
Tasmania	2,221
Western Australia	560
	£55,000

Opinions have been frequently expressed by leading colonists and by the public and press that a large reduction of rates would lead to a correspondingly large increase of traffic. If these views should prove to be well founded the suggested guarantee would be practically nominal. I cannot, therefore, help thinking that the guarantee proposal submitted by the Eastern Extension Company would be the solution of the tariff question most beneficial to the telegraphing public generally, and well worthy of consideration of the Imperial Government and the Australasian Colonies.

As I am anxious that your Government should have the fullest possible information on the subject which the company, from their long practical experience, can furnish, I have instructed the company's agents to accept from you and transmit as "service messages" all telegrams you may wish to forward to the company bearing upon this particular question.

I am, &c.,

JOHN PENDER,
Chairman.

To the Honorable the Postmaster General of

IV.—15.

MEMORANDUM relative to proposed Pacific Cable.

My attention has been drawn to a proposal for the establishment of submarine telegraphic communication between the Australasian Colonies and Canada, *vid* the Pacific.

As a scheme having this object in view has been for many years contemplated, and has received the careful consideration of the telegraph companies of which I am chairman, I may perhaps be permitted to state the grounds on which it has been regarded as one not calculated in the long run to attain the objects for which it is advocated, viz.:—

A substantial and permanent lowering of the tariff; and,

Secondly, the providing of a reliable alternative route, especially in time of war.

It is not disputed that to provide a single line of cables only between Australasia and Vancouver would require a capital of £2,000,000, but to put the line on the same footing of security as the existing telegraphic service, which is duplicated and in some places triplicated, a capital of over £4,000,000 would be required.

On the other side will be seen two estimates, one based on the figures said to be given by the promoters of the Pacific cables, and the other on the experience of the several submarine telegraph companies with which I have been for many years connected, and which, I have no hesitation in stating, are figures that can be confidently relied upon.

Assuming for a moment the accuracy of the first, or promoters' estimate, it will be seen that in consideration of a subsidy of £100,000, the tariff is to be fixed at 4s. a word. But the companies which I have the honor to represent have offered the same tariff in consideration of a subsidy of £75,000 a year, and on the guarantee principle suggested by the companies a 4s. rate might be established on still more favorable conditions to the colonies.

Let me now examine the promoters' estimate with a view to ascertaining how far the figures set forth in it are likely to be realized. Judging by the light of the experience gathered during the many years of submarine telegraph management, I cannot estimate the expenses of working a single line of cables connecting Australia and Vancouver Island at less than £135,000 a year or £35,000 a year in excess of the promoters' estimate. Again, the estimate of receipts seems to be greatly exaggerated. Assuming that a Pacific cable would take half the existing traffic, with 100 per cent. increase, in consequence of the reduced tariff, the result would be a net revenue of £175,000 a year, or only just sufficient to meet debenture interest and working expenses.

From the above statement I think I am entitled to say that the establishment of telegraphic communication by the Pacific would merely operate to saddle the colonies for twenty-five years with an annual payment of £100,000, at the same time augmenting the total capital invested in providing telegraphic communication between the colonies and Great Britain by the large sum of £2,000,000 in the case of a single line, or £4,000,000 if it were duplicated.

It is urged, however, that admitting in time of peace the present means of communication are adequate, in time of war the existence of an alternative route would be a great advantage. The reply I would make to this is that it would be impossible for the British Government, however anxious to do so, to provide the necessary means of protection in the case of cables laid across the Pacific, far away from the routes followed by merchant ships, and at immense distances from coaling stations. Moreover, the Pacific line would necessarily consist of long stretches across enormous and practically unsurveyed depths, terminating on coral reefs, and would, consequently, be exposed to constant interruptions, which would render its maintenance most costly and difficult.

Instead of a Pacific cable benefitting the colonies, I believe that the laying of such a line would only benefit its promoters, and would be inimical to the interests of the telegraphing public, as it would inevitably lead to a war of tariffs which would eventually impoverish both the Pacific and the existing cables, and result in a starved and inefficient service, the only remedy for which would be higher tariffs or much larger contributions from the colonies.

If the principal object which the colonies have in view is to obtain a cheaper tariff, it would, I submit, be more profitable to apply the amount asked for by the promoters of the Pacific scheme, or whatever other sum the colonies may be prepared to expend, towards enabling the Eastern Extension Company and its allied companies to make a substantial reduction in the present cable charges.

JOHN PENDER,
Chairman of the Eastern and Eastern Extension, Australasia and China Telegraph Companies.

WINCHESTER HOUSE,
50 OLD BROAD STREET,
LONDON, E. C., 23rd December, 1886.

Pacific Cable Scheme.

As said to be put forward by promoters—
Length, about 8,300 nautical miles.
Capital, say £2,000,000—
£1,000,000 in £10 shares.
£1,000,000 in 4 per cent. debentures.
Tariff, 4s. per word.

Expenses.

	£
Cost of working estimated at.....	50,000
Interest on debenture capital at 4 per cent.....	40,000
	90,000

Receipts.

	£
Traffic estimated at.....	150,000
Subsidy.....	100,000
	250,000

Leaving a balance of £160,000 or 16 per cent. interest on the share capital.

Estimated cost by Eastern Extension Company, based on actual experience of cable working:—
Length, about 8,300 nautical miles.
Capital, say £2,000,000
Tariff, 4s. per word (3s. for Pacific cables, and 1s. for Atlantic cables and land-lines).

Expenses.

	£	£
Cost of working stations and London expenses...	20,000	
Two steamers and maintenance of cables.....	40,000	
Amortization to renew cables in 20 years.....	75,000	
		135,000
Interest on debenture capital at 4 per cent.....		40,000
		175,000

Receipts.

	£
Half existing traffic with 100 per cent. increase, say 500,000 words at 3s. per word.....	75,000
Subsidy required to cover expenses.....	100,000
	175,000

Leaving nothing whatever for interest on the share capital, which at 5 per cent. would require an additional subsidy of £50,000.

Note.—The 6d. per word calculated for Atlantic cables would probably be increased to 1s. or 1s. 6d., in which case balance for Pacific cables would be 2s. 6d. or 2s. respectively, which would reduce the estimated receipts from £75,000 to £62,500 and £50,000 respectively.

If the Australasian Colonies granted the subsidy of £100,000 asked for by the promoters of the Pacific cable, the amount required from each colony on basis of population, as compared with the Eastern Extension Company's guarantee proposal (assuming that traffic increased 100 per cent. by reduction of tariff) would be as follows:—

Colony.	Subsidy for Pacific Scheme.	Proposed Guarantee to existing Companies for 4s. Tariff.
Victoria.....	£29,734	£16,353
New South Wales.....	28,497	15,672
New Zealand.....	17,454	9,599
South Australia.....	9,674	5,321
Queensland	9,585	5,274
Tasmania	4,037	2,221
Western Australia	1,019	560
	100,000	55,000

IV.—16.

TELEGRAPH CABLES TO AUSTRALIA.

MEMORANDUM BY SIR JULIUS VOGEL, POSTMASTER-GENERAL, NEW ZEALAND.

It is, I think, highly expedient that the various Australasian Colonies should come to a joint arrangement respecting telegraph cables.

2. A great deal of consideration, not to say gratitude, is due to the private companies which have hitherto provided cable communication, but it is preposterous to continue to submit to the prohibitive charges which now prevail, and which in more or less degree must prevail whilst these undertakings are monopolies in private hands.

3. The supposed riskiness of the business has enabled private companies to monopolize enterprise connected with cable communication. That reason no longer exists, for it is quite certain that cables can be safely laid and kept in repair, and, practically, the business is now no more risky than telegraph land lines.

4. I shall sketch out in this memorandum the plan by which the Governments can, and, in my opinion, ought to, absorb the whole business at once; but failing their being willing to do so, I shall advocate their gradually approaching the same result. This they may do by aiding a competitive company under conditions which will enable the Governments to buy up the cables when they desire to undertake the business.

5. I believe the Governments, if they own the cables, can charge a rate of 1s. 6d. a word for urgent messages, and 1s. for ordinary and press messages, the whole way between the colonies and Europe, and soon make a profit on the transactions. Even if they do this great work at a loss there are, I contend, few objects on which they can spend money with more advantage.

6. The benefits of cable communication are at least in proportion to the distances travelled, or, what is to the same effect, the time saved. I am inclined, however, to think that the proportion is more than simple—that is to say, for example, that twice the distance would give to cabling relatively a more than double advantage. But, taking the proportion as a simple one, the meaning would be that the use of the cable is four or five times more advantageous to the colonists of Australasia than are similar facilities to the inhabitants of the United States. Yet it would be almost impossible to set a limit to the benefits which cheap Atlantic cabling has conferred on the people at both ends of the English-American cables. Financially and commercially the results are gigantic, and the social, literary, and educational purposes served are scarcely less important.

7. No one can question that, with cheap cabling, the development of the Australasian Colonies will increase enormously in speed, with less liability to reverses.

8. Supposing the colonies entertained the idea of taking in their own hands the charge of cabling, they should endeavor to buy out the existing interests as far as they

relate to Australasia, if the owners are willing to sell at a fair price, by which I mean something more than the value to reconstruct. If the owners be unwilling to make a reasonable sale, then the Colonial Governments will do better. But, up to a reasonable point, the companies should receive liberal treatment.

9. It is necessary to briefly consider the position of the Eastern and Eastern Extension Companies, which, to all intents and purposes, may be said to now have the sole charge of cabling between Australia and Europe. The occasional assistance of the Indo-European Company need not be taken into account, as it is of a reciprocal character. As I wish to make my remarks as little critical as possible, it will be better to refer to the Eastern and Eastern Extension Companies as if they were one concern.

10. These companies own between them 31,960 knots of cable, a few steamers, and a number of stations. Their capital, as shown by securities still current on the Stock Exchange in July last, amounts to over £11,350,000. The reserve funds amount to about £900,000, so that the companies have about £10,500,000 capital outstanding. After deducting the value of steamers and stations, the cables must stand the company in at more than £300 a knot, a price which is about double that for which the Governments could obtain fully suitable cables. But although, if the Governments were to assume the charge of ocean telegraphy, the good-will of the companies' business between Australia and England would not be worth anything, the same cannot be said with respect to the many other places the companies serve outside those with which the Colonial Governments would concern themselves. With some, at least, of these, competition is not to be feared, and the good-will of the business of the companies may represent a considerable value, fairly to be credited as a set-off to the reduced value of the cables. I hope it is so. It would be sad that the huge edifice of commercial activity and enterprise built up by these companies should not prove remunerative to those who have embarked in it.

11. The Australian lines form only a part of the total cables possessed by the companies. It is difficult to determine the exact length of that part, as a great deal of the way is duplicated by different routes, serving other purposes than those of mere duplication. For example, there is more than one cable route from England to Malta and to Lisbon. There is a duplicate between Bombay and Suez, and there is more than one route between Java and Singapore. There is also a duplicate between Australia and Java. A single line from Australia to Falmouth, along the present line of route, say, from New Zealand to Sydney, from Tasmania to Victoria, in duplicate, and from Darwin to Java, Singapore, Penang, Madras, Bombay, Aden, Suez, Alexandria, Malta, Gibraltar, Lisbon, and Falmouth, would take 11,703 knots of cable, to which must be added the land lines (not, I believe, owned by the company) between Madras and Bombay, and the Egyptian land lines, together about 650 miles. It would be important, if the company's system were purchased, to acquire also about 1,100 knots, duplicate, between Darwin and Java, [illegible].e 600 knots between Batavia and Singapore, some 300 knots, for a second route, between Singapore and Penang, and some 850 knots between Penang and Rangoon. There is also some duplicate cable of about 3,000 knots between Bombay and Suez, but the companies probably would not part with it. They would prefer to retain it, and to agree to lend mutual aid in the case of disaster. Excluding the 3,000 knots there would be 2,850 knots to be added to the length of 11,703 knots already given, making a total of 14,553 knots. Some of the lines are sheathed with brass tape, which adds to their cost; but there is no room to doubt that the whole could be replaced at an expense of less than £2,500,000, and it is to be observed it includes the Australian, New Zealand, and the duplicate Australian-Tasmanian lines. The South Australian land lines, Adelaide to Darwin, cost £480,000. It would be fair to estimate half at least of this as an expenditure made on behalf of all the colonies.

12. I have submitted these figures to give an idea of the expenditure that might be necessary if it were decided to purchase out the existing companies. The remarks I am about to make are based on the proposal that the Colonial Governments should

start with the possession of any two lines out of the three practicable routes, namely, first, the present route; secondly, the route by the Pacific, Vancouver, Canada, and the Atlantic; thirdly, the route by Ceylon, Mauritius, Natal, Cape of Good Hope, and St. Vincent.

13. Taking a fair payment to the companies into account, a compensation to South Australia, and a second line throughout by either the Canadian or Cape route, I am persuaded that the cost would not exceed £5,000,000, with all the requisite repairing steamers; whilst if the companies were not dealt with, two lines could be obtained for considerably less.

14. My proposal then is, that the Colonial Governments start with two lines and the necessary steamers at a cost not exceeding £5,000,000. If the money is obtained under their joint guarantee it can be borrowed at 3½ per cent., or with an Imperial guarantee at 3 per cent. Taking the former and larger rate of interest, the annual charge would be £175,000.

15. As soon as the use of the two lines of cable warranted it, a sum of £150,000 should be set apart yearly for maintenance and for laying new cables, at about the rate of an additional through line each 15 years. But for some time, until the traffic developed, £50,000 yearly (with the use of the repairing steamers, the annual charge for which is included in the working expenses) would be sufficient to put apart for maintenance and new lines. As the revenue increased the larger sum could be dedicated to the purpose. I do not propose redemption of the capital. The construction of new lines would stand in the place of amortization.

16. I have had a careful estimate made of the yearly expenditure. By the present route it would amount to £145,680. This includes the annual cost and insurance of five repairing steamers, and the cost of nine stations between Falmouth and Bombay inclusive, seven between Madras and Nelson inclusive, and twelve land stations between Madras, Adelaide and Sydney inclusive. The annual cost of the steamers is set down at £15,382 each. The cost of the land stations is set down at £1,500 each, and the cost of the cable stations at £1,500 each, with 20 per cent. added. Provision is also made for special electricians, besides the ordinary officers at the stations. The salaries are estimated at less than the rates that the companies give, but the Governments would not require to pay on the liberal scale the companies adopt. The working expenses of the Eastern and Eastern Extension Companies amounted, for the latest year of which I have a return, to £272,361 for all their stations, whilst on repairs and maintenance they expended £132,967.

17. By the Cape route the estimate of annual expenditure is £73,300, which includes the cost of twelve stations, seven special electricians, 20 per cent. for contingencies, and three repairing steamers. The annual expenditure by the Pacific route, as far as the mainland of British Columbia, is estimated at £48,200, which includes seven stations, six electricians, 20 per cent. for contingencies, and two repairing steamers. I have not calculated the expenses across Canada and thence to England, because so much depends on the nature of the arrangement to be made.

18. I have shown, I think sufficiently, that £200,000 may be taken to fully cover annual working expenses, and this added to £175,000 for interest, and £50,000 (to commence with) for maintenance and new lines, will give together £425,000 as the yearly expenditure. There will, besides, be for a few years the cost of existing subsidies, amounting to about £37,000 annually, including the Tasmania cables subsidy.

19. The work that two cables can perform on the duplicate system, supposing every minute of the year to be occupied, and that the cables are up to the standard usually required, amounts to over 21,000,000 of words a year. There would be no difficulty, if the demand required it, in getting through 10,000,000 of words on the two lines, besides a very large number of words between the intermediate stations. Whatever the routes taken may be, there will be many intermediate stations on which there will be a large demand for communication. I estimate the intermediate communication to be worth a third of the through communication; and in taking 10,000,000 of words as the capacity of the through communication, I have left a large margin for intermediate traffic.

20. In the estimates I am about to make I take the through traffic at 5,000,000 of words, leaving a margin of 5,000,000 capacity for increases. The question now arises, will there be a demand sufficient to overtake 5,000,000 of words? It evidently means a large amount of matter. To give a better idea of it, I may say it represents somewhat less than seven closely-printed newspaper columns each day, Sundays included. It represents, moreover, about seven times the present through traffic between Australia and Europe. It represents about a seventh of the Atlantic yearly cabling since the late reductions in rates. It represents a little over an eighth of the number of words telegraphed yearly within New Zealand. It must be borne in mind that I am not estimating only the through messages between Europe and Australia. If the line go by the Cape there will be through messages to and from Europe and Ceylon, Mauritius, Natal, and the Cape, to say nothing of less important places. If the line go by the Red Sea, there will be Java (which, I am informed, uses the cable largely), Singapore, and possibly, according to the nature of the agreement made, some other important stations for through traffic. If the line go by the Pacific, there will be Fiji, Honolulu, and probably branches from New Caledonia, and Tahiti, and possibly branches from China and Japan. Irrespective of these reliefs, I am strongly of opinion that, with the great reduction in cost, cabling between Australasia and England will soon become as common as it is now rare, and that it will be used for numberless purposes to anticipate correspondence, as also to carry on large financial transactions such as have grown up between the United States and England, and are unknown to Australasia.

21. I will give an estimate of receipts on the basis I have indicated (exclusive of Australian land charges) as follows:—

Estimate, with tariff of 1s. 6d. and 1s., and intermediate traffic:—

2,500,000 words at 1s. 6d.	£ 187,500
2,500,000 words at 1s.	125,000
Intermediate traffic	100,000
Total	£ 412,500

This estimate shows a small loss at first, which divided between the Governments would be inconsiderable. It would be covered by the saving which would be effected if the Imperial Government guaranteed the loan, or by the subsidy which it should give in lieu of a guarantee. In any case, the development of traffic between the large number of important centres concerned would soon convert the deficiency into a surplus. The above estimate only absorbs about half the capacity of the cables. I have purposely not taken into account the competition of the existing companies, if they fail to come to terms with the Governments. Any opposition of theirs will be only temporary. They cannot with their costly arrangements, afford such low rates, and if the Governments do not buy them out, there will be much less money on which to pay interest.

22. The responsibility should, in my opinion, be divided in such manner as might be agreed on, based either on population or on the use of the cable, or partly on both, or possibly it will be found easier to fix the division by mutual agreement.

23. It would be very desirable that the Postmasters General of the various colonies should meet and discuss the whole question. If a combination of the kind I have indicated cannot be arranged, then the Governments should consider what is the next best course to pursue. The existing companies are anxious to make arrangements, but all their proposals lead to maintaining the present monopoly and to depending only on one route. If the colonies are not inclined to undertake the charge of the business, they should aid another company by another route, so as to secure two routes and competition.

24. If care be taken in any agreement entered into with a new company to give ample power to the Governments to buy out the cables constructed, an arrangement with such company might be made the stepping stone to the absorption by the Governments of two cable systems, as proposed in this memorandum.

25. I may, in conclusion, express the hope that weight will not be attached to the usual arguments which, on behalf of the existing companies, will be put forth

in opposition to the proposals herein sketched out. It will probably be alleged that cheapness will not materially increase traffic, that the business is risky, that cables cannot safely be laid in deep waters, and that competition has a weakening effect. It may also be argued that the Indian Government will throw obstacles in the way. The companies always seem unmindful that the Government of India might do a great deal more for English Colonial Governments than for commercial companies, whose operations concern not only the colonies, but other countries, such as China and Japan. The arguments referred to have misled many people, myself, I confess, amongst the number. It is owing to belief in them that for so many years private enterprise has monopolized the control of the most valuable adjunct to the material and intellectual improvement of the populations scattered over the globe. All that can be said of the Governments retaining the charge of land telegraphy can be repeated with greater force with regard to taking possession of the means of cable communication between the various portions of Her Majesty's dominions. To allow such communication to be taxed for private profits is more out of harmony with the spirit of the age than would be a renewal of a tax on window glass or printing paper.

JULIUS VOGEL.

WELLINGTON, 5th February, 1887.

IV.—17.

INDIAN TRANSIT RATES FOR TELEGRAPHIC MESSAGES.

Colonial Office to India Office.

DOWNING STREET, 20th April, 1887.

SIR,—I am directed by Secretary Sir H. Holland to state for the information of the Secretary of State for India, that, at a meeting of the Colonial Conference to-day upon the subject of telegraphic communication, the telegraph rates between Bombay and Madras came under consideration, and I am to state that Sir H. Holland will be much obliged if Viscount Cross will enable him to inform the Conference at their next meeting on this subject what are the reasons which render it necessary that messages between England and Australia should be charged from Bombay to Madras 75 centimes per word, while Indian messages are charged only 22½ centimes for the same distance, or 45 centimes if the message is urgent.

Sir Henry Holland would be glad if he could be favored with an early answer as to the reasons for these differential rates, for the subject will be brought forward again in a very few days.

I am, &c.,
JOHN BRAMSTON.

The Under Secretary of State,
India Office.

IV.—18.

India Office to Colonial Office.

INDIA OFFICE, WHITEHALL, S.W., 21st April, 1887.

SIR,—I am directed by the Secretary of State for India to acknowledge receipt of Mr. E. Wingfield's letter of yesterday's date, asking for information on the subject of Indian transit rates for telegraphic messages to Australia from this country in view to its being communicated to the Colonial Conference, which is now being held.

In reply, I am directed by Viscount Cross to transmit copy of a despatch* received from the Government of India, in the early part of last year, which sets forth clearly their views on this subject.

I have, &c.,

JOHN E. GORST.

The Under Secretary of State,
Colonial Office.

IV.—19.

GOVERNMENT OF INDIA.—PUBLIC WORKS DEPARTMENT.

TELEGRAPH.

To the Right Hon. LORD RANDOLPH CHURCHILL,
Her Majesty's Secretary of State for India.

Despatch No. 26 T. of 29th October, 1885.
Telegram, dated 28th November, 1885.
Despatch No. 28 T. of 26th November, 1885.
Telegram, dated 15th December, 1885.
Despatch No. 30 T. of 17th December, 1885.

FORT WILLIAM, 2nd February, 1886.

MY LORD,—We have received the communications noted above on the subject of the Indian transit rate on telegraphic traffic with countries east of India, and before explaining in detail the reasons that have led us to reject the demands for reduction, we have the honor to lay the following brief recapitulation of the circumstances of the case before your Lordship.

2. The Eastern Extension Company has the monopoly of the cable routes in the eastern seas; the Governments of Australia are entirely dependent on the company's lines for their external telegraphic communications, and the company's cable to Australia was laid under an agreement with the Australian Governments under which the company receives a large subsidy; to this subsidy, two of the Australian Governments (Queensland and New Zealand) have, we understand, refused to contribute, and, under the terms of the agreement, the company is, we believe, debarred from giving the benefits of any reduction that may be made to States which do not contribute towards the subsidy. The tariff on messages between England and Australia is very high, so high as to be almost prohibitive, and the main cause of this, as will be seen from the figures noted here,

	Rate per word. Francs.
Administration—	
Eastern Telegraph Company—England to Bombay.....	3·50
Indian Government transit rate.....	·75
Eastern Extension Company—India to Port Darwin, including Australian terminal rate.....	8·65
Total.....	12·90

is the high rate charged by the Eastern Extension Company for the share of the work it performs. The Australian Governments are now endeavoring to procure a reduction in the Eastern Extension Company's rates, and the company has admitted that a reduction of 2s. (more than three times the entire amount of the Indian share) might fairly be made; but notwithstanding this admission, and the probability that in view to sharing in the reduction when made, both Queensland and New

* Dated 2nd February, 1886.

Zealand would consent to subsidize, the Company refuses to make any reduction a all unless the Indian Government responds by making a proportionate reduction in its share.

3. The Australian Governments having made a bad bargain with the company are not in a position to secure fair treatment for themselves except on the company's terms. The company having other ends to serve insist, as a part of their terms, that pressure shall be brought to bear on the Indian Government. The views of the company are not brought out in the correspondence forwarded by your Lordship, but they are frankly stated by the Chairman (Mr. Pender) in his address to the shareholders on the 10th November last* to be the appropriation by the company of the entire Indian transit earnings, out of which a portion is to be given to the Australian Governments in recognition of their aid in bringing pressure to bear on us; the Indian Government is to be relieved of the cost of maintaining and working the short route from Bombay to Madras (830 miles), but maintenance of the long route from Bombay to Rangoon (2,516 miles) is apparently to be left to us with the revenue from such fraction of the traffic as the Eastern Extension Company may find itself unable to divert to the southern route.

4. The question that we have before us is reduced to this—how far should we be justified in risking the interests of this country in order to extricate the Australian Governments from their dilemma, and to secure for them an advantage for which they have no claim on this country, but to which they are certainly in equity entitled. We need hardly add that if we could meet the wishes of the Australian Governments without sacrificing the just right and claims of this country, we should willingly and readily do so.

5. The shape in which the demand was originally put forward was a request for the introduction of a differential tariff, the transit rate to be reduced for the short route between Bombay and Madras, and the rate for the long route between Bombay and Rangoon to be proportionately enhanced. The advantages of a uniform tariff in simplicity and convenience have been consistently maintained by us from the first; and in 1876, when the Rangoon-Penang cable was laid, and the alternative route completed by the preparation of the Bombay-Rangoon section as an international line, we offered, in order to secure these advantages, to accept 75 centimes as the uniform rate instead of 1 franc which we might have fairly claimed. Our views on this point have steadily gained ground in other countries, and from the report by our delegates on the recent conference at Berlin, we learn (para. 12) that uniformity of transit rates will in future be the rule in Europe. It would under any circumstances have required very convincing reasons to induce us to depart from a principle which, after we have consistently advocated it for many years, has at last been generally recognized; but in the present case there are special reasons why the general principle should not be departed from.

6. The route *via* Rangoon was adopted at the instance of the company, and to meet the company's wishes. The failures of their Madras-Penang cable had rendered it a matter of vital importance to provide an alternative line; the natural course would have been to have laid a duplicate cable from Madras to Penang, but in adopting the route *via* Rangoon instead, the company shortened their route by 600 miles and saved the cost of that length of cable, while the length in India was increased from 830 miles to 2,516 miles; and the proportions were altered from 830 miles in the Indian territory and 4,000 miles of cable beyond, to 2,516 miles in India territory and 3,400 beyond. The maintenance of the alternative line for use during failures of the Madras-Penang cable is absolutely essential, and in its capacity as an alternative line it brings in no additional revenue whatever. Its maintenance simply represents an insurance expenditure, and if the transit rate accepted for the use of the original short line only were extended to the alternative line, the Indian Government would receive no return whatever for the vastly increased expenditure entailed by the altered proportions of services rendered.

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*Published in the *Electrician* of 13th November, 1885, pages 19 and 20.

7. Further, the company having the entire control of the westward traffic has the power of diverting the whole of that traffic to the original southern route, and if the Indian transit rate were enhanced on the alternative route, there is no doubt that the westward traffic would be so diverted, the enhanced transit rate would only be leviable during interruptions of the other cable, while no reduction could be made in the cost of maintaining it in a thoroughly efficient state.

8. On the other hand, the enhancement of the transit rate on the alternative line would unfairly weight the traffic served by the new International line from Siam and by any extensions that may in the future be developed in that direction. The company's object naturally is to secure as large a share of the total traffic as possible, and from their point of view the adoption of differential rates is manifestly desirable; but we are bound to consider the question from a broader standpoint, and, while we fully recognize the claim which an undertaking like that of the Eastern Extension Company has to generous treatment, it is our duty to safeguard our communications in all directions and to prevent any one route being starved to the undue advantage of another. We have no hesitation in maintaining that our treatment of the company in the past has been liberal in the extreme, and we have no desire to treat it otherwise than liberally in the future.

It will, we trust, be clear from what we have written that the adoption of differential transit rates is out of the question, even if we had only to consider the claims of the Eastern Extension Company; but beyond this we have transit traffic from the Indo-European lines and from Siam to deal with; our international transit routes vary from about 300 to about 3,000 miles in length; if the principle of differential rates were once admitted, we should be compelled to extend them to all, and we should have no less than seven distinct transit rates resulting in a complication of the tariff to an extent that would be intolerable.

9. It remains now to consider whether the uniform rate at present in force is or is not equitable. It is asserted by the Australian Governments that the Indian transit rate is excessive (1) in equity, and (2) in policy, and the assertion is supported by a comparison between the Indian transit rates and the rates charged in India for inland messages.

10. To deal with the first point, we think that we can satisfy your Lordship that the Indian transit rate is moderate in equity—(1) in regard to the work done, (2) in regard to the rates charged by the Eastern Extension Company, and (3) in regard to the inland message rates in India. As to the first point, we invite your Lordship's attention to our despatch, dated 21st July, 1876, in which, while offering the rate of 75 centimes, which was accepted and is still in force, we showed that we might fairly have claimed 1 franc. As to the second point, it must be remembered that in addition to the alternative line to Rangoon on the east, we have to maintain alternative lines to Karachi on the west, to provide against interruption through failure of the Eastern Company's cables and to serve the Indo-European route; we have therefore to maintain on account of this system the following lines of international wires:—

	Miles.	Miles.
Bombay to Madras (mean distance of two routes)...	830	
Karachi to Bombay.....	844	
Total to serve the Madras-Penang cable.....		1,674
Bombay to Elephant Point.....	2,516	
Allahabad to Karachi.....	1,188	
Total to serve the Rangoon Penang cable.....		3,704
Grand Total.....		5,378

exclusive of the Siam International line, which may be omitted for the purposes of the present calculation. The length of cables maintained by the Eastern Extension Company in connection with this service are—

	Miles.
Madras to Port Darwin	4,000
Penang to Rangoon	900
Total	4,900

11. It is impossible to make an exact comparison of the fair relative charge for the use of a cable system with that for the use of a land line system; but where the establishment and maintenance of land lines offer no particular difficulties and involve no unusual expenditure, one mile of cable has, we believe, hitherto been accepted as equal to three of land line in determining tariffs; in exceptional localities and tropical countries like India these proportions are obviously too favorable to the cables.* They may be accepted, however, for ordinary lines, but for those which are placed in admittedly difficult parts of the country, such as from Calcutta to Rangoon, the charges should bear a proportion of not less than 2 for the land line to 3 for the cable. On this very liberal basis the rates charged should bear the proportions arrived at, as follows:—

Indian Land Lines.

	Miles.
Total length as in preceding paragraph	5,378
Add for doubling the Calcutta-Rangoon line	1,100
Total	6,478

Eastern Extension Company's Cables.

Total length as in preceding paragraph	4,900
Add for trebling the whole distance	9,800
Total	14,700

or as 1 to $2\frac{1}{4}$ nearly.

Even if we omit the lines maintained for the Indo-European Telegraph Company's service, which are an essential portion of the system, and take into account only the communications kept up for the Eastern Extension Company's traffic to Bombay, the proportions become 1 to rather less than $4\frac{1}{2}$.

12. The Indian rate is 75 centimes a word; $2\frac{1}{4}$ times this amount would be 1·69 francs; $4\frac{1}{2}$ times the Indian rate would be 3·375 francs. The actual charge made by the Eastern Extension Company is 8·65 francs, including the terminal rate for Australia. What that terminal rate is we are not aware; it certainly ought not to exceed 1·65 franc, and this leaves the company with a rate of 7 francs, or nearly ten times the rate charged by India, and yet the Indian rate is denounced as excessive.

13. We now turn to the comparison of our transit rate with our rates for inland messages. It is asserted that in comparison with our inland rates, our transit rate is excessive; even if this were so, the fact of our adopting an excessively low rate to encourage our own internal traffic and for the benefit of our own taxpayers would be no argument for claiming that the same benefits ought to be extended to outsiders; but we think we can convince your Lordship that it is not the case. Transit messages are treated with exceptional care, and the utmost possible speed is secured for them. An inland "urgent" message approaches this class most nearly, and is charged for at the rate of four annas (=50 centimes) a word; but these inland

*The cost of the cable recently laid from Jask to Bushire was £150 per mile. The average cost of first class land line in India is about half that sum, and the maintenance expenditure is far greater in the latter.

telegrams consist almost entirely of words in plain English, while transit messages are almost invariably made up of unconnected code words. It is estimated—and we do not think that any telegraph administration will dispute the estimate—that it is at least four times as difficult to transmit code messages as it is to transmit messages in plain language; and if we charged in strict proportion to work done, a transit rate of 2·00 francs would more nearly correspond with an inland "urgent" rate of 4 annas.

14. It will now, we trust, be abundantly clear to your Lordship that while a differential tariff is out of the question, the uniform rate at present in force, so far from being excessive in equity, is extremely moderate, whether viewed from the standpoint of work done for the money, or of the charges levied by the complaining company, or of our own charges for inland traffic; and that so far as this is concerned, there is no ground whatever for yielding to the demand; the moderation of our uniform rate has been freely admitted apart from the present discussion.*

15. The question of policy alone remains; the Australian Governments urge that "at a time when all the other Governments of the world are making really "liberal and costly concessions to facilitate the transmission of telegraphic messages," they do not believe that "the Government of Her Majesty the Empress will wish to "stand alone in maintaining a system of overcharge." We have already shown that this "system of overcharge" has no shadow of existence in fact, and we need hardly remind your Lordship that in liberal reforms of this nature the Government of India has ever been foremost to support and encourage them. But in all cases of this nature of which we are aware, there have been contingent benefits to the country granting the concession. In the present case the reduction proffered by the Australian State is a domestic matter directly for the benefit of its own subjects, while the reduction pressed upon us is entirely in the interests of other administrations.

16. India is not now in a position to make any gratuitous sacrifice of revenue whatever, still less would it be politic to yield to a demand which is openly declared to be made with a view of eventually wresting from this country the whole of its transit revenue. If the rates of all the administrations concerned were at present on a fair and moderate basis, and a proportionate reduction all round were proposed in the general interests, the case would wear a totally different aspect, and the question of policy would arise; as the case really stands, it is simply an attempt on the part of the companies to obtain an unfair advantage, and neither in equity nor in policy can we perceive anything which would justify us in saddling the people of India with the reduction asked for.

We have, &c.,

DUFFERIN,
F. S. ROBERTS,
C. P. ILBERT,
S. C. BAYLEY,
T. C. HOPE,
A. COLVIN,
T. E. HUGHES.

IV.—20.

TELEGRAPHIC COMMUNICATION WITH AUSTRALIA.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED), WINCHESTER HOUSE,
50, OLD BROAD STREET, LONDON, 18th April, 1887.

DEAR SIR HENRY HOLLAND,—I have the pleasure to send you the following papers:—

Vide para. 12 of the report by our delegates at the recent Conference at Berlin.

1. A proposal to the Australasian Governments for a reduction of tariff under their guarantee.*

2. Tables showing apportionment of the guarantee at a 4s. and 2s. 6d. tariff.

The latter rate, however, would be entirely dependent on the assent of the Governments of India, Germany and Russia, whose representatives are at present opposed to it, as they do not see their way to reduce the existing tariff of 4s. per word to India, and consider it would be most difficult to maintain such a tariff if the rate to Australia were reduced to 2s. 6d. Probably, however, a 4s. tariff will be a sufficient reduction for the moment, and if the change entailed no serious loss to the Governments, the 2s. 6d. tariff might be considered later.

3. A memorandum relative to the proposed Pacific cable, which accompanied the proposal to the colonies.†

4. A memorandum in reply to Mr. Heaton's paper in the "Pall Mall Gazette."

The absurdity of his statement that a 1s. tariff between London and Australia would pay well is shown by the fact that out-payments which amount to 1s. per word would have to be made, even at the low rate now prevailing across the Atlantic, but which rate, in all probability, before long, will be increased to 1s. 6d., in which case the out-payments alone would amount to 2s. per word. Further comment is unnecessary.

If reference is in any way made to the existing companies as a monopoly, my answer is that it has been so created by the great energy and enterprise with which the companies have carried on their extensions. It is true that the system has now become so widespread that no unaided combination could successfully compete with it; and we cannot for a moment imagine that Governments would subsidize an opposition scheme where the work is so thoroughly well done as it is by the existing companies. We have invariably followed the British flag and trade, and figures can be produced in proof of the enormous impetus the submarine telegraphs have given to the development of commerce between this country and the colonies.

I would also draw your attention to the fact that while it has been made a monopoly through the circumstances I have stated, we have never used it as such, or in any sense in a narrow spirit. In war times we have generally carried telegrams for the wounded free of charge, and we also made the same concession during the Irish famine; and while the Colonial Exhibitions were going on the value of the telegrams carried free between the Executives and the Colonial Governments amounted to between £16,000 and £17,000. In addition to these, I could give you many other instances where we have acted in an equally liberal manner, and I hope, when the question is discussed at the Conference, that the above circumstances will be remembered.

Our system is now very much in touch with Her Majesty's Government, and we have letters from the Foreign Office to the effect that whenever discussions take place in regard to submarine telegraphs, we shall have full information on the subject, and representation during such discussions.

I therefore hope that the Colonial Office, looking to the vast interests involved in the submarine telegraph system, will grant to the companies similar recognition on the present occasion.

Faithfully yours,

JOHN PENDER.

The Right Hon. Sir Henry Holland, Bart., G.C.M.G., M. P., &c., &c.,

*See Appendix III in No. 34, pages 112 to 116.

† *See* Appendix III in No. 34, pages 114 to 116.

[Enclosure 1 in No. 37.]

TABLES.

PROPOSITION OF THE EASTERN EXTENSION COMPANY TO THE AUSTRALASIAN COLONIES, SUBJECT TO THE APPROVAL OF ALL THE INTERESTED ADMINISTRATIONS.

That they should guarantee to the companies carrying Australasian telegrams viz.:—The Eastern, Indo European, and Eastern Extension companies, their annual revenue based on the average of the three years ended 1885, and make the through tariff 4s per word.

Average annual receipts of the three companies:—

	£	£	£
Eastern	51,338		
Indo-European	7,669		
Eastern Extension	124,221		
		183,228	
Revenue at 4s. rate based on average of three years to 1885		63,983	
			119,245
Amount to be made up if no increase took place			119,000

	£
25 per cent. increase based on traffic three years to 1885	103,000
50 do do do	87,000
75 do do do	71,000
100 do do do	55,000

APPORTIONMENT OF GUARANTEE.

Colony.	Population based on 1884 Statistics.	Existing Subsidies paid by Australian Colonies to Eastern Extension Company.	Amount to be contributed in addition to existing Subsidies if Tariff reduced to 4s. per word, and Traffic increased by			
			25 per cent.	50 per cent.	75 per cent.	100 per cent.
		£	£	£	£	£
Victoria	961,276	14,779	30,625	25,867	21,110	16,353
New South Wales	921,268	12,617	29,350	24,792	20,232	15,672
South Australia	312,781	4,805	9,965	8,416	6,868	5,321
Western Australia	32,958	499	1,050	887	724	560
New Zealand	564,304	.....	17,978	15,185	12,393	9,599
Queensland	309,913	.....	9,873	8,340	6,806	5,274
Tasmania	130,541	4,200	4,159	3,513	2,867	2,221
Total	3,233,041	36,600	103,000	87,000	71,000	55,000

PROPOSITION of the Eastern Extension Company to the Australasian Colonies, subject to the approval of all the interested administrations, including the German and Russian Governments.

That they should guarantee to the companies carrying Australasian telegrams, viz.:—The Eastern, Indo-European, and Eastern Extension Companies, their annual revenue based on the average of the three years ended 1885, and make the through tariff 2s. 6d. per word.

Average annual receipts of the three companies:—

	£	£	£
Eastern	51,338		
Indo-European	7,669		
Eastern Extension	124,221		
		183,228	
Revenue at 2s. 6d. rate based on average of three years to 1885		35,220	
			148,008
Amount to be made up if no increase took place			148,000
			£
Increase of 25 per cent. would reduce it to			139,195
do 50 do do			130,390
do 75 do do			121,585
do 100 do do			112,780

APPORTIONMENT OF GUARANTEE.

Colony.	Population based on 1884 Statistics.	Existing Subsidies paid by Australian Colonies to Eastern Extension Company.	Amount to be contributed in addition to existing Subsidies if Tariff reduced to 2s. 6d. per word, and Traffic increased by			
			25 per cent.	50 per cent.	75 per cent.	100 per cent.
		£	£	£	£	£
Victoria	961,276	14,479	41,389	38,769	36,150	33,534
New South Wales	921,268	12,617	39,664	37,156	34,646	32,138
South Australia	312,781	4,805	13,466	12,615	11,762	10,910
Western Australia	32,958	499	1,419	1,330	1,240	1,149
New Zealand	564,304	—	24,295	22,758	21,222	19,685
Queensland	309,913	—	13,342	12,498	11,655	10,811
Tasmania	130,541	4,280	5,620	5,264	4,910	4,553
Total	3,233,041	36,600	139,195	130,390	121,585	112,780

[Enclosure 2 in No. 37.]

MEMORANDUM ON THE PAPER BY MR. HENNIKER HEATON, M.P., IN THE "PALL MALL GAZETTE," OF 2ND APRIL, 1887.

The principal points of Mr. Heaton's paper are:—

1. That the existing telegraphic communication with Australasia and India is insecure by reason of its passing through foreign and possibly hostile territories.

2. That the Canadian Pacific route would not be exposed to the ill-will of other nations, but would be under exclusive British control.

3. That the existing rates are excessive, because they are calculated on the basis of mis-spent millions of capital, and that a tariff of 1s. per word would pay well.

In regard to the first point, what are the facts of the case?

The route followed by the existing cables is from England to Lisbon, thence to Gibraltar, thence through the Mediterranean to Malta, Alexandria and Port Said, passing through the Suez Canal and the Red Sea to Aden and Bombay. From Bombay the traffic passes over the Government land-lines across India, and is taken on by the cables from Madras or Rangoon to Penang, Singapore, Java and Port Darwin.

Consequently the only foreign territories at which the existing cables touch are Portuguese, Egyptian and Netherlands Indian. The expediency of laying a new cable direct from England to Gibraltar is, however, under consideration by the Eastern Company, and as Egypt is under British influence the existing communication may be said to be practically under British control the whole way. It is, moreover, entirely worked by English operators, and is duplicated (in some sections triplicated) throughout. It also follows the trade route, where British cruisers would be most frequently met with in time of war, and for the most part the cables lie in moderate depths of water, where they can be easily and speedily repaired when interrupted.

This communication was established by the Eastern and Eastern Extension Companies in 1871 without subsidy or assistance of any kind from the colonies or the Imperial Government, and it was only in 1880, when the importance of telegraphy became more fully recognized, and a duplicated system a public necessity, not because a single line was unequal to the transmission of the traffic, but in order to make the system more reliable, that the colonies of Victoria, New South Wales, South Australia and Western Australia, agreed to give the Extension Company a subsidy of £32,400 per annum for twenty years, to enable it to duplicate the cables between India and Port Darwin. In return for this the company consented to carry Government and press telegrams at half and quarter rates respectively over its cables. At first the Government of New Zealand joined in the subsidy, but after twelve months' contribution withdrew from the arrangement.

Now let us examine the plan advocated by Mr. Heaton, which is apparently a copy of Sir Julius Vogel's, but with the important exception that New Zealand is left out of the connexion. He suggests that an alternative line to Australia should be established by laying cables from—

	Miles.
Vancouver to Fiji	5,236
and	
Fiji to Brisbane	1,764
Total	7,000

to be worked in connexion with the existing British Government lines between—

London and Valentia	600
Valentia to Canada (by the Atlantic cables)	1,900
And thence to Vancouver by the Canadian Pacific land line	3,400
Making a total distance of	12,900

It would, however, be physically impossible to work through such a long stretch of cable as from Vancouver to Fiji without re-transmission, and it would therefore be necessary to land at one of the Sandwich Islands (say Honolulu, as proposed by the promoters of the Pacific Cable Company), in which case the communication would not be under exclusive British control as contended by Mr. Heaton.

A single line of cables across the Pacific would, moreover, be necessarily subject to frequent interruptions, as they would consist of long stretches across enormous and only partially surveyed depths, terminating on coral reefs. From the soundings taken by the SS. "Tuscarora" between San Francisco and Australia great inequalities of ground appear to exist. For instance, between San Francisco and the Sandwich Islands the depths vary from 400 fathoms to 3,200 fathoms, the general depth being over 2,500 fathoms. By the second line of soundings between San Francisco and the Sandwich Islands, taken by the same vessel further south, the depths seem to be more regular, but they mostly exceed 2,500 fathoms. From the Sandwich Islands to Fiji the ground varies from 400 to 3,400 fathoms, the inequalities being particularly noticeable between the Phœnix and the Fiji Islands. The general depth is about 3,000 fathoms. Between Fiji and Brisbane there are also

considerable inequalities, the depths varying from 2,600 fathoms to 460. Superiority of cable ground cannot, therefore, be claimed for this route over the route followed by the existing cables.

The Canadian Pacific land line, passing as it does through exposed and stormy regions, would also at certain seasons of the year be very difficult to maintain. Only a few days ago a telegram from Halifax appeared in the newspapers stating that "the six days' block on the Intercolonial Railway had been raised, but before the "trains could be moved any distance another furious snowstorm set in and the line "was blocked worse than before."

The figures (7,000 miles) given by Mr. Heaton for the cables between Vancouver and Australia differ very materially from those put forward by the promoters of the Pacific Cable Company and Mr. Sandford Fleming, namely, 8,300 and 8,900 miles respectively. Mr. Heaton has apparently made little or no allowance for slack, which in such great depths of water could not be calculated at less than 20 per cent.

Assuming, however, for the sake of argument, the accuracy of Mr. Heaton's calculations, the cost of the Pacific cables would be about £1,400,000.

Before, however, reaching Vancouver, working arrangements would have to be made with the lines of the British Government, the Atlantic cable and the Canadian Pacific administrations for transmission of the telegrams between England and the Pacific cables, and the out-payments to these administrations could not, under the most favorable circumstances, amount to less than 1s. per word, but would probably be 2s. per word when the war of tariffs in the Atlantic is terminated, it having already been abundantly demonstrated that a 6d. rate is insufficient to give a fair return on the capital invested in the Atlantic.

For instance, the out-payments to the—

	s. d.		s. d.	
Atlantic cable would be.....	0 6	or more probably.	1 6	per word.
Canadian Pacific land line...	0 2½	.....	0 2½	do
English and Australian line	0 3½	.....	0 3½	do
	1 0		or 2 0	per word.

consequently the whole of the tariff which Mr. Heaton considers would be so remunerative would undoubtedly be swallowed up by other administrations, leaving nothing whatever for the Pacific cables.

Assuming that the out-payments would not exceed 1s. per word, and that one half of the existing traffic with 100 per cent. increase in consequence of the reduced tariff was carried by the Pacific cables, a rate of 4s. 8d. per word would be required to pay working expenses only as shown by the following figures:—

Length of Pacific cables..... 7,000 miles.
Capital, say.....£1,400,000
Tariff ..... 4s. 8d. per word.

made up as follows:—

	s. d.	
For Pacific cables	3 8	per word.
Atlantic cable and English, Canadian Pacific, and Australian land lines (say)	1 0	do
Total	4 8	per word.

Expenses.

	£	£
Cost of four stations and London expenses.....	20,000	
Two cable steamers and repairs.....	40,000	
Amortization to renew cables in 20 years.....	50,000	
		110,000

	£	£
Receipts.		
Half of existing traffic, with 100 per cent. increase,* say 600,000 words, at 3s. 8d. per word		110,000

To give a return of 5 per cent. on the capital, a rate of 13s. per word, or 41 per cent. more than the existing tariff, would have to be charged as follows:—

	£	£
Expenses.		
As above	110,000	
Interest at 5 per cent.	70,000	
		180,000
Receipts.		
Half of existing traffic without any increase,† say 300,000 words at 12s per word (1s. in addition for out-payments)		180,000

Without amortization, and with only one cable steamer, a tariff of 4s. 8d. per word would be required to meet expenses and give 5 per cent. return on the capital as follows:—

	£	£
Expenses.		
Cost of four stations and London expenses	20,000	
One cable steamer and repairs	20,000	
	40,000	
Interest at 5 per cent. on capital	70,000	
		110,000
Receipts.		
Half of existing traffic, with 100 per cent. increase, say 600,000 words at 3s. 8d. per word		£ 110,000

With regard to the Canadian Pacific cable being used as an alternative route from Europe to India, Mr. Heaton omits to state that from Adelaide to India the telegrams would have to pass over the lines of the South Australian Government and the Eastern Extension Company, the out-payments on which would amount to 7s. 10d. per word, making the total rate to India *via* the Pacific 12s. 6d. per word as against 4s., the existing charge by the Eastern Company's route.

It might, however, be contended that these out-payments could be avoided by laying an independent cable between Australia and India. Such a connexion would, however, involve an expenditure of half-a-million sterling, and the working expenses alone would be nearly eight times as great as the whole traffic between Australia and India is worth.

	£	£
Cable from Western Australia to India—2,900 miles, costing (say)		500,000
Expenses.		
Say two stations at £2,000 each	4,000	
Amortization to renew capital in 20 years	17,700	
Steamer and repairs	20,000	
		41,700

* This increase could not be expected at once, but would in all probability take a considerable time to realise.

† No increase could be expected with such a high tariff as 13s.

Receipts.

Revenue of the Eastern Extension Company from existing traffic between India and Australasia 5,500

making it impossible for the public to use such a route except at a greatly increased cost.

The only subsidies other than the £32,400 above referred to received from the British and Colonial Governments are:—

Amount per Annum.	Government.	For
£		
35,000	British	South African Cable.
15,000	Cape of Good Hope	do
5,000	Natal	do
19,000	British	African Direct Cable.
19,600	British Colonies	West India Cables.
1,000	British	Malacca connexion.
4,200	Tasmania	Tasmania Victoria Cable.
98,800		

and without which subsidies the cables could not have been laid, as the traffic would have been totally inadequate to justify the necessary expenditure.

The statement that the existing tariffs are calculated on the basis of millions of mis-spent capital displays Mr. Heaton's ignorance of the subject, in proof of which I may mention that the whole of the cables of the Eastern and Eastern Extension Companies now stand in their books at an average value of less than £200 per knot, which would be very little in excess of the contract price of the present day for similar types of cable.

IV.—21.

PROPOSED CABLE FROM VANCOUVER ISLAND TO AUSTRALIA.

Pacific Telegraph Company (Limited) 34 Clement's Lane,
London, 20th April, 1887.

Sir,—We are deputed by the Pacific Telegraph Company (Limited), to furnish to you, for the information of the Conference, a proposal which it is intended to submit on behalf of the company to the Imperial Governments, and to the Governments of Canada, Victoria, New South Wales, Queensland, South Australia, Western Australia, New Zealand, and Tasmania.

We are also deputed to attend the sittings of the Conference in person if desired, in order to give any further information that may be wished for.

Proposal.

The company to lay and maintain a cable from Vancouver Island to Australia, touching at the Sandwich Islands, Fanning Island, Samoa, Fiji, and New Zealand.

The company to reduce the existing through rates from Great Britain to Australasia by at least one-half.

The Imperial Government and the Colonial Governments above referred to to furnish to the company, in such proportions as they may agree upon, a subsidy of

£100,000 per annum for 25 years; each Government to have during that period the free use of the company's cable for Government messages to the full amount of its proportion of the subsidy at current rates.

The company to give Government messages precedence over ordinary messages.

We have, &c.,

MURRAY FINCH HATTON.
RANDOLPH C. WANT.

To the Right Hon. Sir HENRY THURSTON HOLLAND, M. P.,
&c., &c., &c.

IV.—22.

PROPOSED NEW CABLE TO CANADA.

THE CANADIAN CABLE COMPANY (LIMITED),
13 DELAHAY STREET, GREAT GEORGE STREET,
WESTMINSTER, S.W., 23rd April, 1887.

SIR,—In accordance with a request contained in a letter from the High Commissioner of Canada, dated the 12th April, 1887, I have the honor to submit, for the consideration of the Colonial Conference, the prospectus and plans* of the company for a submarine cable between this country and Canada, making the starting point either at Glasgow or the north-west coast of Ireland, and terminating in the Gulf of St. Lawrence *viâ* the Straits of Belle Isle, either at Gaspé or at a point to be determined upon a little further south.

The object of this cable would be to form a connecting link and route, entering through British territory for the Canadian and Canadian Pacific telegraph lines, and also from the trans-Pacific and colonial cables, which it is hoped may be laid to the Australian Colonies, China and Japan, and maintain the same at a maximum rate of 6d. per word between this country and Canada. The figures and returns which I should be glad of the opportunity of laying before the Congress, and explaining the same, fully prove that 6d. per word is a sufficiently remunerative rate for trans-Atlantic messages for any company not burdened with unproductive capital, or trammelled with engagements made under pressure of competition. Landing rights have already been granted, and a concession is held for an alternative route *viâ* Iceland to be subsequently laid, and it is hoped that the question of connecting Bermuda with England *viâ* Canada will be deemed of sufficient importance to be provided for by the English Government, when the subsidy, which it is understood Her Majesty's Government were prepared to give, may be granted to this company.

I enclose three draft prospectuses* which set forth the commercial aspect of the question; and may add, in conclusion, that it is so influentially supported that no doubt need exist as to the completion of the cable so soon as the necessary preliminaries are settled.

Yours faithfully,

WALTER WOOD.

The Secretary, Colonial Conference.

* Not printed.

IV.—23.

TELEGRAPHIC COMMUNICATION WITH AUSTRALIA.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED), WINCHESTER HOUSE, 50, OLD BROAD STREET, LONDON, 4th May, 1887.

DEAR SIR HENRY HOLLAND,—When I was at the Conference last week I gathered the impression that the various papers submitted by the Eastern Extension Company had not been quite correctly understood by some of the delegates. I have, therefore, condensed the figures into one paper, which is forwarded herewith, and at the same time amended the propositions so as to give the colonies the fullest possible advantages with the minimum of responsibility.

You will observe that I have taken the figures up to the end of 1886, and as some of the delegates during the discussion wanted to know the limit of the colonies' liability, I have, in proof of my confidence in the natural development of telegraphy, agreed to take the whole risk of any possible falling-off of the traffic below the present number of words, in addition to accepting one-fourth of the guarantee risk. Consequently the liability of the colonies under the most unfavorable circumstances would not exceed £78,750, in addition to the subsidies, viz :—

Payable by.	For Duplicate Australian Cable	For Tasmania Cable.	For New Zealand Cable.	Total.
	£	£	£	£
Victoria	14,478			14,478
New South Wales	12,617		2,500	15,117
South Australia	4,805			4,805
Western Australia	498			498
New Zealand			5,000	5,000
Tasmania		4,200		4,200
Total	32,400	4,200	7,500	44,100

If, however, the traffic increased 100 per cent., this amount would be reduced to £18,750, or, with the subsidies, to £62,850, which, spread over all the colonies in proportion to population, would be quite a nominal addition to the existing payments.

If the delegates more particularly interested in the reduction of the tariff to Australia were to give me the opportunity of discussing the question with them outside the Conference, as I suggested last week, we might fully consider the details and submit the proposition to the Conference in such a form as would limit the discussion to the simple question whether the colonies are prepared to give a nominal guarantee in return for a reduction of tariff from 9s. 4d. to 4s. per word.

Faithfully yours,
JOHN PENDER.

The Right Hon. Sir H. HOLLAND, Bart., G.C.M.G., M.P,
&c., &c., &c.

PROPOSITION of the Eastern Extension Company to the Australasian Colonies, subject to the approval of all the interested Administrations.

That they should guarantee to the companies carrying Australasian telegrams, viz. :—the Eastern, Indo-European and Eastern Extension Companies, their annual

revenue based on the average of the three years ended 1886, for 13* years, the unexpired term of the duplicate cable subsidy, and make the through tariff 4s. per word.

Average annual traffic receipts of the three companies from Australasian telegrams, exclusive of existing subsidies, viz.:—

Eastern	£ 52,300	
Indo-European	7,700	
Eastern Extension	125,000	
	£185,000	
Estimated revenue at a 4s. tariff between Europe and Adelaide, based on present traffic, and assuming that South Australia accept a transit rate of 5d. per word (see table below)	80,000	
		£ 105,000
The companies will take the whole risk of any falling-off of traffic receipts below £80,000, and also accept one-fourth of the guarantee risk, viz	£ 26,250	
Leaving as the *maximum liability* of the colonies if no increase of traffic takes place	78,750	
		105,000

If the traffic receipts increased by—

25	per cent.,	the colonies	would	have to make up	£ 63,750
50	do	do	do		48,750
75	do	do	do		33,750
100	do	do	do		18,750

distributed as follows :—

GUARANTEE.

Colony.	Population based on 1884 Statistics.	Amount to be made up, exclusive of Subsidies, if Traffic increased by—			
		25 per cent.	50 per cent.	75 per cent.	100 per cent.
		£	£	£	£
Victoria	981,276	18,952	14,493	10,034	5,574
New South Wales	921,268	18,169	13,894	9,619	5,344
South Australia	312,781	6,171	4,719	3,267	1,815
Western Australia	32,958	650	497	344	191
New Zealand	561,304	11,125	8,507	5,889	3,272
Queensland	309,913	6,114	4,675	3,237	1,798
Tasmania	130,541	2,569	1,965	1,360	756
Total	3,233,041	63,750	48,750	33,750	18,750

* At the end of the term the question would have to be reconsidered with a view to a fresh arrangement.

If present subsidies pooled and distributed over all the colonies according to population, result would be as follows:—

SUBSIDIES.

Colony.	Existing Contributions in respect of Duplicate Cable on 1881 Census.	Contribution in respect of New Zealand and Tasmanian Cables.	Contribution if Subsidies spread over all Colonies on basis of Population, 1884.
	£	£	£
Victoria	14,478		13,112
New South Wales	12,617	2,500	12,568
South Australia	4,805		4,266
Western Australia	498		449
New Zealand		5,000	7,698
Queensland			4,227
Tasmania		4,200	1,780
Total	32,400	11,700	44,100

The following table shows the contribution of each colony if subsidies and guarantee combined and distributed over all colonies, according to population on basis of 1884 statistics:—

SUBSIDIES AND GUARANTEE COMBINED.

	25 per cent.	50 per cent.	75 per cent.	100 per cent.
	£	£	£	£
Victoria	32,064	27,605	23,146	18,686
New South Wales	30,737	26,462	22,187	17,912
South Australia	10,437	8,985	7,533	6,081
Western Australia	1,099	946	793	640
New Zealand	18,823	16,205	13,587	10,970
Queensland	10,341	8,902	7,464	6,025
Tasmania	4,349	3,745	3,140	2,536
Total	107,850	92,850	77,850	62,850

PRESENT TRAFFIC SHOWING PROPORTIONS AT 4s. TARIFF.

Class of Traffic.	Number of Words.	Companies' proportion of 4s. Tariff.	Out-payments.	Total Tariff.
		s. d.	s. d.	s. d.
Ordinary	489,000	2 5½	1 6½	4 0
Government	41,000	2 5	1 6½	3 11½
Press	70,000	1 11	0 9	2 8
Local (including India)	54,000	3 0	1 0	4 0
Total	654,000			

The above proposition is based upon a continuous service and freedom from competition. In the event of the communication being totally interrupted, the guarantee to continue for a period of one month.

Since the Australian cables were duplicated in 1880 the service with Australia has been interrupted for only 26 days, or on an average of less than four days annually.

WINCHESTER HOUSE, 50, Old Broad street, E.C.,
April, 1887.

IV.—24.

PROPOSED CABLE FROM VANCOUVER ISLAND TO AUSTRALIA.

PACIFIC TELEGRAPH COMPANY (LIMITED),
34, CLEMENT'S LANE, LONDON, 3rd May, 1887.

SIR,—Referring to the proposal submitted by the Pacific Telegraph Company for the consideration of the Colonial Conference on the 20th April, 1887, I am now instructed by the directors of the company to submit, as an amended proposal, the following:—

1. The Pacific Telegraph Company shall lay a line of cable from Vancouver Island to Australia, touching at Hawaii, Fanning Island, Samoa, Fiji, and New Zealand.

2. The Governments of Great Britain, of Canada, and of the Australian colonies, shall guarantee to the Pacific Telegraph Company, government traffic to the amount of £75,000 per annum, in such proportions as may be mutually agreed upon by the said Governments.

3. The above guarantee shall date from the completion of telegraphic communication between Canada and Australia by the company, and shall continue in force for 25 years from that date, subject to the following conditions:—

4. In the event of telegraphic communication being interrupted, 35 days shall be allowed to the company for repairs; if at the expiration of 35 days, telegraphic communication shall continue to be interrupted, then the guarantee shall be suspended from that date until telegraphic communication be re established.

5. The rate per word payable by the Governments shall be the current rate charged by the company to the general public, but such rate shall never exceed 4s. per word for the transmission of messages from England to Australasia.

In my statement to the Colonial Conference on the 27th April, I mentioned that the proposal of the Pacific Telegraph Company, which was then before the Conference, for an annual subsidy of £100,000 for 25 years was based upon calculations as to the approximate cost of constructing and laying a cable which were made some time ago.

I further stated that the company was at that very time actually engaged in collecting expert evidence as to the most recent improvements in the manufacture of cables, and the consequent reduction in the cost of constructing and laying them. The result of the investigation has been to convince the directors that the original estimate for the cost of the undertaking will bear some reduction.

In addition to the above, the directors have been influenced by considerations of even greater weight. Events of very recent date point to the certainty of the Pacific Ocean being shortly developed as one of the main waterways of the world's commerce. In view of the very largely increased intercolonial telegraphic traffic which must inevitably follow any such development, the directors feel justified in accepting the extra risk which the reduction of the guarantee from £100,000 to £75,000 per annum will entail.

As above stated (in clause 5), the directors of the Pacific Telegraph Company bind themselves to start by reducing the rate to 4s. per word for the transmission of

ordinary messages from England to Australasia, and further bind themselves not to exceed such rate.

The reduction to 4s. per word, however, is by no means intended to be final, for if the estimates of increased traffic are in any way realized, the company will be in a position to effect very considerable further reductions.

I have, &c.,

HAROLD FINCH HATTON.

To the Chairman of the Colonial Conference, London.

CORRESPONDENCE SINCE THE DATE OF THE COLONIAL CONFERENCE, 1887.

V.—1.

9 VICTORIA CHAMBERS, LONDON, S W., 14th June, 1887.

SIR,—I have the honor to transmit to you, herewith, for the information of the Government, at the request of Mr. Sandford Fleming, a copy of a letter, with its enclosures, addressed by that gentleman to the following Australian Colonies, viz:, Victoria, New South Wales, Queensland, New Zealand and Tasmania, and also to the representative at the Colonial Conference of Western Australia, with regard to the proposed cable across the Pacific Ocean from Australasia to Canada.

I have the honor to be, Sir, your obedient servant,

CHARLES TUPPER.

The Honorable the Secretary of State, Ottawa.

V.—2.

OFFICE OF THE HIGH COMMISSIONER FOR CANADA,
9 VICTORIA CHAMBERS, S.W., 13th June, 1887.

SIR,—I am requested by Mr. Sandford Fleming to enclose to you for the information of the Government of the following correspondence on the subject of a survey in the Pacific in connection with a cable from Australasia to Canada:—

1. Letter to Sir Henry Holland, Colonial Minister, from 21 delegates to the Colonial Conference, dated 16th May, 1887.
2. Letter from Mr. Sandford Fleming to Mr. Baillie-Hamilton, Secretary, in reference to the above, dated 16th May.
3. Letter from the Colonial Office to the Admiralty, dated 23rd May.
4. Letter from the Admiralty to the Colonial Office, dated May 28th.
5. Letter from the Colonial Office to Mr. Sandford Fleming, dated 3rd June.
6. Letter from Mr. Sandford Fleming to the Colonial Office, asking for a reconsideration of letter No. 1, dated 8th June, 1887.
7. Resolution of the Colonial Conference 6th May, 1887.

I have the honor to be, Sir, your obedient servant,

J. G. C. COLMER.

The Agent General for—
New South Wales,
Victoria,
Queensland,
New Zealand,
Tasmania,
Western Australia (Hon. John Forrest).

V.—3.

LONDON, 16th May, 1887.

SIR,—During the discussion on the subject of the postal and telegraphic communication of the Empire before the Colonial Conference, the question was raised as to the practicability of submerging cables in the Pacific Ocean so as to connect Canada and Australasia telegraphically, and, as all doubts on the question should be removed with as little delay as possible, a thorough and exhaustive nautical examination should be at once made.

The undersigned, therefore, on behalf of the Governments they represent, respectfully request that Her Majesty's Government will cause such survey to be made.

We have the honor to be, Sir, your obedient servants,

A. CAMPBELL, SANDFORD FLEMING, } for Canada.
JAMES SERVICE, for Victoria.
P. A. JENNINGS, for New South Wales.
S. W. GRIFFITH, for Queensland.
JOHN FORREST, for Western Australia.
W. FITZHERBERT, for New Zealand.
J. S. DODDS, ADYE DOUGLAS, } for Tasmania.
ROBERT WISDOM, for New South Wales.
SEP. BURT, for Western Australia.
SAUL SAMUEL, for New South Wales.
A. SHEA, R. THORBURN, } for Newfoundland.
JOHN ROBINSON, for Natal.
ALFRED DEAKIN, JAMES LORIMER, } for Victoria.
CHARLES MILLS, for Cape of Good Hope.
GRAHAM BARRY, for Victoria.
J. F. GARRICK, for Queensland.
F. D. BELL, for New Zealand.

The Right Honorable Sir HENRY HOLLAND,
Secretary of State for the Colonies.

V.—4.

LONDON, 9 VICTORIA CHAMBERS, S. W., 16th May, 1887.

DEAR MR. BAILLIE-HAMILTON,—May I ask you to lay before Sir Henry Holland the enclosed communication from the members of the (late) conference generally, suggesting that, inasmuch as the connection of Canada and Australasia by a direct cable is a question of very great importance, its practicability should be established as speedily as possible by a proper survey and examination under the authority of the Imperial Government.

As I have given some attention to this question I would be glad, should Sir Henry Holland deem it advisable, to discuss with any officer of the Government the means by which the survey and the soundings may be best carried out. I may mention that I have determined to extend my stay in London until the 25th instant.

Believe me, &c.,
SANDFORD FLEMING.

V.—5.

The Colonial Office to the Admiralty.

DOWNING STREET, 23rd May, 1887.

SIR,—I am directed by the Secretary of State for the Colonies, to transmit to you to be laid before the Lords Commissioners of the Admiralty, for any observations which they may have to offer, a copy of a letter from Mr. Sandford Fleming, C.M.G., one of the delegates from Canada to the late Colonial Conference, enclosing a letter signed by all the delegates to the Conference recommending that a survey should be made with a view to determining the practicability of laying a cable between Canada and Australia.

I am to suggest that Mr. Fleming should be placed in communication with the Hydrographer to the Admiralty with a view to discussing this question.

I am, &c.,
R. H. MEADE.

The Secretary to the Admiralty.

V.—6.

The Admiralty to the Colonial Office.

ADMIRALTY, 28th May, 1887.

SIR,—I have laid before my Lords Commissioners of the Admiralty your letter of the 23rd instant, enclosing a recommendation signed by the delegates to the late Colonial Conference, that a survey should be made with a view to determining the practicability of laying a cable between Canada and Australia; and further suggesting that Mr. Fleming should be placed in communication with the Hydrographer to the Admiralty with a view to discussing the question.

2. In reply, their Lordships desire me to state, for the information of Sir Henry Holland, that if Mr. Fleming has not already left London, he will find the Hydrographer at the Admiralty on any day he may like to fix.

3. My Lords, however, desire me to add that unless the Secretary of State has reason to believe that a submarine cable is likely to be laid from Vancouver to Australia very shortly, their Lordships would not propose to despatch a surveying vessel for the sole purpose of obtaining soundings over the route, but that they will endeavor to arrange that soundings shall be gradually obtained during the next few years in the ordinary course of hydrographic surveys.

I am, &c.,
EVAN MACGREGOR.

The Under Secretary of State, Colonial Office.

V.—7.

DOWNING STREET, 3rd June, 1887.

SIR,—With reference to your letter of the 16th ultimo, I am directed by the Secretary of State for the Colonies to transmit for your information a copy of correspondence with the Admiralty respecting the proposed nautical survey of the Pacific with a view to determining the practicability of laying a cable between Canada and Australia.

I am, Sir, your obedient servant,
R. H. MEADE.

SANDFORD FLEMING, Esq., C.M.G.

V.—8.

8th June, 1887.

SIR,—I have the honor to acknowledge the receipt of your letter of 3rd instant, enclosing copies of letters between the Colonial Office and the Admiralty respecting the proposed nautical survey of the Pacific in connection with the laying of a cable between Canada and Australia.

I beg leave to direct attention to the third paragraph of the letter from the Admiralty which reads as follows:

"My Lords, however, desire me to add that unless the Secretary of State has reason to believe that a submarine cable is likely to be laid from Vancouver to Australia very shortly, their Lordships would not propose to despatch a surveying vessel for the sole purpose of obtaining soundings over the route, but that they will endeavor to arrange that soundings shall be gradually obtained during the next few years in the ordinary course of hydrographic surveys."

Since the receipt of your letter of the 3rd inst, I have, with the permission of the Lords Commissioners of the Admiralty, placed myself in communication with the hydrographer, who has explained to me what is to be understood by the last part of the above quoted paragraph. From these explanations I have learnt that it is not intended to do anything until next year; that next year it is expected that a surveying vessel will be despatched to Australian waters for other purposes, and that while there the officers will be instructed in the ordinary course of their duties, to endeavor to obtain some information which may be useful in connection with the question of laying a cable. It is intended to follow the same course year by year; but from all I can learn, no definite idea can be formed as to the time which will be expended before the work will be completed; indeed it does not appear quite certain that anything will be done even next year, it is hinted that the work may be interrupted and the surveying vessel taken away.

It is scarcely necessary for me to point out that the course proposed to be followed will not accomplish the desired end. The records of the Conference will show how much importance is attached by every delegate to the telegraphic connection of Canada and Australia. In an Imperial point of view its importance was held at the Conference to be second to no other question brought forward for discussion, and I think I may venture to say on behalf of the twenty-one delegates who attached their names to the letter of the 16th May, addressed to Sir Henry Holland, that it will be a grave disappointment to them and to the Government they represent if no other course than that proposed and explained to me by the hydrographer be followed.

Sir Henry Holland who presided over the Conference will remember how strongly individual members spoke on the subject, and he knows also the view of the Conference as a body. On the last day of the Conference a resolution on the question was unanimously adopted, to which I think it would be well to direct the special attention of the Admiralty.

I respectfully submit that the Lords Commissioners of the Admiralty appear to have misapprehended the object of the application of the 16th May.

I may therefore venture to explain that as some of the officers of the Government and other gentlemen examined before the Conference gave testimony which raised doubts as to the practicability of establishing a direct telegraph across the Pacific, a general feeling prevailed that the question was of such paramount importance as to demand immediate attention and that every doubt should be set at rest by having a thorough and exhaustive survey made under the highest nautical authority. No one who attended the meetings of the Conference, or who has seriously considered the relations of the great self-governing colonies to the mother country can for a moment doubt that an electric cable from Canada to Australasia, is imperatively demanded, and that if practicable will be established. The question of practicability however, is precedent to all others, and it is therefore of the utmost importance that

the request of the delegates to the Conference, made collectively and individually on behalf of their respective Governments, should be reconsidered.

I have the honor to be, Sir, your most obedient servant,
SANDFORD FLEMING.

The Under Secretary of State, Colonial Office.

V.—9.

Unanimously adopted by the Conference, 6th May, 1887.

First. That the connection recently formed through Canada from the Atlantic to the Pacific, by railway and telegraph, opens a new alternative line of Imperial communication over the high seas and through British possessions, which promises to be of great value alike in naval, military, commercial and political aspects.

Second. That the connection of Canada with Australasia by direct submarine telegraph across the Pacific is a project of high importance to the Empire, and every doubt as to its practicability should, without delay, be set at rest by a thorough and exhaustive survey.

V.—10.

DEPARTMENT OF FINANCE, OTTAWA, CANADA, 26th July, 1887.

SIR,—I am directed by Honorable Sir Alexander Campbell, K.C.M.G., to send you herewith, for submission to His Excellency the Governor General in Council, his report with reference to the Colonial Conference held in London in April last, and which he attended as the representative with Mr. Fleming, of the Dominion Government.

I have the honor to be, Sir, your obedient servant,
C. W. TREADWELL.

The Honorable the Secretary of State, Ottawa.

Extracts.

The Right Honorable The Marquis of Lansdowne, Governor General of Canada, &c.

MAY IT PLEASE YOUR EXCELLENCY:

On the 9th March last you were pleased by Order in Council to appoint me to "Represent Canada at the Conference, summoned by Her Majesty's Government in the despatch from the Right Honorable Mr. Stanhope, dated the 25th of November, 1886, to assemble in London in the early part of the present year, at which matters of common interest to all portions of the Empire might be fully considered."

* * * * *

2. The second important object for which Her Majesty's Government had assembled the Conference was stated in Mr. Stanhope's circular despatch, above referred to, to be second only to that of defence—"the promotion of commercial and social relations by the development of our postal and telegraphic communications."

In the discussion of this question, my colleague, Mr. Fleming, after reviewing the history of the efforts that had been made by the Imperial Government towards establishing a line of communication between the Atlantic and Pacific seaboards and the steps by which the Canadian Pacific Railway had been brought to a successful completion explained to the Conference the ways in which the new route to the East might be utilized for Imperial purposes.

These he said, would be in effect two.

1st. As a postal and passenger route from England to Asia and Australia; and

2nd. As a protected telegraphic route between England and every one of the self governing colonies and also to India.

As a postal and passenger route he said that the presence in the Pacific of a number of large vessels of high speed and specially constructed with a view to the Admiralty requirements, would not fail to be in time of war of an immense advantage, whilst in times of peace the development of commercial activity and of the general interests of the Empire in the Pacific were of such importance that no time should be lost in initiating a service so pregnant with great possibilities. The principle of growth was one familiar to all colonists, one in which they had faith, but there must be a beginning; the seed must be sown. By the establishment of a weekly or even a fortnightly line of steamers there was no reason why we should not confidently anticipate a similar development to that which living men remember to have taken place on the Atlantic.

The people of Canada, Mr. Fleming said, would hail with great satisfaction the sympathetic co-operation of the Imperial Government and of the Government of the Australian Colonies in an effort to call into existence a new field for commercial enterprise, an effort well calculated to strengthen British interests and secure their predominance on the Pacific. Canada, although she had already expended an enormous sum in rendering the new Imperial postal services possible, would be prepared to render still further substantial aid.

At the sitting of the Conference next day Mr Fleming took up the question of the utility to the Empire of a telegraphic route through Canada to the East. A direct telegraphic communication was, he said, necessary between Canada, India and Australia, unless the young mercantile marine on the Pacific was to be ruinously handicapped and the successful development of commerce rendered impossible. The heavy charges rendered necessary by the circuitous route and frequent repetitions of messages by existing telegraph line made it of little or no use to business men on opposite sides of the Pacific.

But beyond the promotion of commercial and social relations were other considerations of the highest importance. Great Britain was to-day dependent for telegraphic communication with Asia, Africa and Australia on the friendship of Turkey, a power whose position was always critical and whose Government appears continually exposed to impending disaster. Canadian patriotism and enterprise had opened up direct telegraphic communication between London and Vancouver whence cables could be laid which would put the Australian Colonies and New Zealand in direct communication with London without passing over any soil not British. From Australia the existing cables connect with India and South Africa, thus providing the home Government with the means to telegraph to every important British colony and dependency around the globe, without approaching Europe at any point.

For these reasons Mr. Fleming considered the establishment of a telegraph between Canada and Australia a question worthy of very earnest consideration and expressed the great gratification that he felt in its having been brought to the notice of the Conference by the Secretary of State for the Colonies

Mr. Fleming then, at some length, conclusively answered the objections that had been raised by Mr. Pender of the Eastern Telegraph Company to the establishment of a direct cable between Canada and Australia.

I was so much struck by the importance of Mr. Fleming's statements that I strongly urged upon him the advisability of preserving them in order that they might be laid before Your Excellency's Government.

They were listened to with the greatest interest and led to a more complete appreciation of the advantages and possibilities of the Canadian route for postal, telegraphic and general communication with the East than had before existed among the members of Her Majesty's Government or those of the Colonial Conference. Mr. Fleming was kind enough to comply with my request, and I have the pleasure to submit his remarks in full.

* * * * *

Mr. Fleming has not yet returned to this country and I have not the opportunity of seeking his revision of or concurrence in this report. His absence, however, affords me the great satisfaction of enabling me to acknowledge with much gratitude the assistance I derived during the whole of the continuance of the Conference from his able and zealous services.

V.—11.

Sir H. Holland to the Governor General.

DOWNING STREET, 12th July, 1887.

MY LORD,—I have the honor to transmit to your Lordship for communication to your Government a copy of a letter from the representatives to the Colonial Conference of Governments interested in the question of the proposed cable between Canada and Australia, with correspondence between this Department and the Admiralty and Mr. Sandford Fleming, C.M.G., on the subjects.

I would observe that as there is at present no sufficient prospect of the necessary funds being available for the maintenance of a telegraph cable across the Pacific, even if the ocean bed to be traversed should prove to be exceptionally favorable it would be impossible to justify a heavy special expenditure in pushing on the surveys; but if it could be established that the Colonial Governments concerned would be prepared to provide the necessary funds, I should be in a better position to urge upon the Lords Commissioners of the Admiralty the desirability of accelerating the survey.

I request that Mr. Sandford Fleming may be informed of the contents of this despatch.

I have, &c.,

H. T. HOLLAND.

Governor General
The Most Honorable the Marquis of Lansdowne, G.C.M.G., &c.

V.—12.

CERTIFIED COPY *of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor General in Council on the 19th July*, 1887.

On a memorandum dated 12th July, 1887, from the Minister of Public Works, reporting that the Pacific Cable Company (proposed) has submitted a scheme for the establishment of a submarine electric cable connection between England and the Australian Colonies, *viâ* Canada, and has finally petitioned the Imperial and Colonial Governments directly interested in the enterprise for an annual subsidy of £75,000 during a term of 25 years, the amounts to be apportioned as follows:

Great Britain	£37,500
Canada	7,500
Queensland	7,500
New South Wales	7,500
Victoria	7,500
New Zealand, Tasmania and Western Australia	7,500
	£75,000

The Minister on the report of the Superintendent of the Government Telegraph Service, recommends that conditionally upon the Government of Great Britain and

the Governments of the Colonies (other than Canada) agreeing to their above mentioned respective proportions of the subsidy applied for, the Government of Canada agree to submit to Parliament a proposition to provide for the payment of its proportion one-tenth of the total required subsidy, as originally proposed by the representatives of the company to the High Commissioner for Canada in England.

The Committee, concurring in the foregoing recommendation of the Minister of Public Works, advise that Your Excellency be moved to forward a copy of this Minute to the Right Honorable the Secretary of State for the Colonies.

All of which is respectfully submitted for Your Excellency's approval.

JOHN J. McGEE, *Clerk Privy Council.*

V.—13.

Sir Henry Holland to the Governor General.

DOWNING STREET, 19th July, 1887.

MY LORD,—With further reference to Your Lordship's despatch No. 206 of the 23rd June, 1886, respecting the proposed establishment of telegraphic communication between Australia and this country by way of Canada, I have the honor to transmit to you for your information and for that of your Government, a copy of a letter from the India Office, containing the reply of the Government of India to the application addressed to it in connection with the question of a subsidy.

I have, &c.,
H. T. HOLLAND.

Governor General the Most Honorable the Marquis of Lansdowne, G.C.M.G.
&c., &c., &c.

V.—14.

India Office to Colonial Office.

INDIA OFFICE, WHITEHALL, S.W., 6th July, 1887.

SIR,—With reference to previous correspondence ending with this office letter of the 21st of October, 1886, respecting a scheme for the establishment of telegraphic communication with Australia *via* Canada, I am directed by the Secretary of State for India to request that you will inform the Secretary of State for the Colonies that in reply to the despatch which Viscount Cross addressed to the Government of India on the subject, that Government has informed him that while they admit that from an Imperial point of view an alternative line of communication between Great Britain and the colonies may have much to recommend it, they fail to perceive what advantage India would derive from it, therefore they are not disposed to burden the finances of India with a subsidy in favor of a scheme which would in itself considerably diminish the telegraph revenue.

The Secretary of State for India in Council while fully appreciating the national value of the projected line of telegraph regrets that the present condition of the finances of India compels him to assent to the conclusions arrived at by the Government of India.

I have, &c.,
JOHN E. GORST.

The Under Secretary of State, Colonial Office.

V.—15.

9 Victoria Chambers, London, S.W., 20th July, 1887.

Sir,—In the absence of the High Commissioner I have to transmit a copy of a letter from the Secretary of the London Chamber of Commerce containing resolutions passed by that body with reference to the proposed postal communication with India and China *via* Canada.

I am, &c.,
J. G. COLMER, *Secretary.*

The Hon. the Secretary of State, Ottawa.

V.—16.

PROPOSED POSTAL COMMUNICATION WITH INDIA AND CHINA *VIA* CANADA.

85 King William St., London, E.C., 15th July, 1885.

Sir,—As the question of establishing postal communication with India and China *via* Canada is now receiving the attention of Her Majesty's Government, I am directed by my Council to forward for your information the opinions which have been expressed by the East India and China Trade Section Committee, the Postal Committee and confirmed by the Council of the London Chamber in connection with this subject.

I am, &c.,
KENRIC MURRAY.

The High Commissioner for Canada.

East India and China Trade Section meeting held on the 17th March, 1886:—

"It was resolved that the East India Committee should recommend the Council to support the scheme of the Canadian Pacific Railway Company, but that no reference should be made to the question of subsidy, which subsidy it was thought should be left to the entire discretion of Her Majesty's Government."

Monthly Council meeting held on 7th April, 1886:—

"The recommendation in favor of the proposals of the Canadian Pacific Railway for new mail route to the East (East India and China Trades Section and Executive Committee) was confirmed."

Postal Committee meeting held on 29th June, 1887:—

"That this Committee strongly urges upon Her Majesty's Government the advisability of complying with the offer made to establish a mail service to China and Australasia over the Canadian Pacific Railway at the moderate subsidy of £45,000, a portion of which should be charged to the naval and military votes.

"Carried *nemine contradicente.*"

Monthly Council meeting held on the 14th July, 1887:—

"The resolution of the Postal Committee with reference to the establishment of a mail service to China and Australia over the Canadian Pacific Railway was confirmed."

V.—17.

Certified Copy *of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor General in Council on the 26th August,* 1887.

On a memorandum, dated 19th July, 1887, from the Minister of Public Works submitting that with reference to the scheme of the Pacific Cable Company (proposed) for the establishment of cable connection between England and the Australian

Colonies, *via* Canada, an Order in Council was passed in which it was recommended that conditionally upon the Government of Great Britain and the Governments of the Colonies, other than Canada, interested, paying certain proportions of the subsidy applied for by the Company, viz., £75,000 a year during a term of 25 years the Government of Canada agreed to recommend to Parliament to provide the proportion of one-tenth of the total required subsidy.

The Minister further submits a report from the Superintendent of the Government telegraph service, in which he states that inasmuch as it appears from certain correspondence, a copy of which is herewith submitted, that the British Government has been petitioned by the General Colonial Conference to settle a question which has been raised as to the practicability of the laying of the proposed cable across the Pacific Ocean, by immediately providing for a thorough survey of the route, and that the Imperial Government appears disinclined to make any special provision for this purpose, and has so far made no reply to the further representations made on the 8th June last, by Mr. Fleming in support of the subject of the petition referred to, he considers it would be inadvisable for the Dominion Government to take any present action in the matter.

The Minister concurring in the report of the Superintendent, recommends that nothing further be done in the matter, pending the receipt of an answer of the Colonial Office to Mr. Fleming's communication and of definite information as to what the promoters of the Pacific cable propose to do.

The Committee advise that the High Commissioner be authorized to communicate in the sense of the foregoing recommendation with the Pacific Cable Company and that a copy of the papers be sent to the office of the High Commissioner for the information of Sir Charles Tupper.

JOHN J. McGEE, *Clerk Privy Council*

V.—18.

DEPARTMENT OF PUBLIC WORKS, CANADA, OTTAWA, 18th July, 1887.

Re Pacific Telegraph Company, Canada-Australia.

SIR,—Having reference to my report of the 12th inst., the recommendations of which received the approval of the Hon. the Minister of Public Works and were assented to by the Hon. the Privy Council, and to the letter of the 14th June, with enclosures from the High Commissioner at London (referred by the Privy Council to the Hon. the Minister of Public Works) concerning the Pacific Telegraph, Canada-Australia.

I beg leave to report that inasmuch as it appears from the correspondence herein referred to that the British Government has been petitioned by the General Colonial Conference to settle a question which has been raised as to the practicability of the laying of the proposed cable across the Pacific Ocean, by immediately providing for a thorough survey of the route, and that the Imperial Government appears disinclined to make any special provision for this purpose, and has so far made no reply to the further representations made by Mr. Fleming in support of the subject of the petition referred to, I consider it would be inadvisable for the Dominion Government to take any present action in the matter.

I would therefore respectfully recommend that nothing further be done pending the receipt of definite information as to what the promoters of the Pacific cable propose to do.

I have the honor to be, Sir, your obedient servant,

F. N. GISBORNE, *Superintendent.*

A. GOBEIL, Esq., Secretary, Public Works.

V.—19.

18th July, 1887.

Memorandum for Minister of Public Works

Re PROPOSED PACIFIC TELEGRAPH, CANADA-AUSTRALIA, &c.

(1.) Report of Superintendent of Telegraph Service, dated 12th July, 1887, covers all previous correspondence and states that the company has finally petitioned the Imperial Government and colonies for an annual subsidy of £75,000 for 25 years, and recommends Dominion Government to contribute its proportion (£7,500), conditionally upon the Government of England and of the other colonies agreeing to contribute theirs (contained in full, Order in Council, July, 1887).

(2.) According to the correspondence herewith (enclosures from the High Commissioner under date 14th June, 1887), there was recently held a General Colonial Conference for the discussion of postal and telegraphic communication, during which a question was raised as to the practicability of laying a cable across the Pacific Ocean, and in order that all doubts should be removed as early as possible a memorial signed by all of the colonial delegates (Sir A. Campbell and Mr. Fleming representing Canada) was sent to the Admiralty recommending that a thorough survey of the route be made at once.

The Admiralty in reply stated it was not considered advisable to make provision for special survey, the information would be gradually acquired during the next few years in ordinary course of general survey.

Mr. Fleming wrote at length emphasising the importance of the requisition and asking re-consideration of the Admiralty's decision.

(3.) The matter rests here.

No action is required on the part of the Dominion Government unless it be to second Mr. Fleming's appeal if it be considered advisable to do so, and to advise him of the decision arrived at (if any) concerning the annual subsidy.

F. N. GISBORNE,
Superintendent Telegraph Service.

V.—20.

Sir Henry Holland to the Marquis of Lansdowne.

DOWNING STREET, 1st September, 1887.

MY LORD,—I have the honor to acknowledge the receipt of your despatch No. 304, of the 28th July, with a certified copy of a report of a Committee of the Privy Council respecting the proposed establishment of direct telegraphic communication between Canada and Australia.

This question as your Lordship is aware was discussed at the Colonial Conference, and in my consular (? circular) despatch of the 23rd of July forwarding to you the report of the proceedings, the position of Her Majesty's Government with regard to this question was stated in the following words: "In connection with the subject of telegraphic communication, the proposal of an alternative line to Australia was prominently brought forward. The colonial representatives were of opinion that their Governments would not, unless the Imperial Government also contributed, be willing to subsidize another company in addition to the Eastern Extension Telegraph Company and on behalf of the Imperial Post Office, it was stated that the question of such a subsidy could not be entertained by that Department. While, therefore, I expressed my willingness to bring before Her Majesty's Government the wishes of the members of the Conference, that a line might be constructed for military purposes to be exclusively controlled by the Government, I could not hold out any hope that such a scheme would be favorably received."

To that statement I have nothing to add, and if your Government think it desirable, in the present position of the question, to press for the survey of the route of the proposed cable, they will, I have no doubt, communicate with the Governments of the various Australian Colonies, and ascertain their views upon the subject. The first question for decision would appear to be whether those colonies would be prepared to unite with your Government in providing the cost of establishing and maintaining a telegraph cable with or without Imperial co-operation.

I have, &c.,

H. T. HOLLAND.

Governor General, the Most Honorable the Marquis of Lansdowne,
&c., &c., &c.

V.—21.

From Mr. Sandford Fleming to the Australian Government.

OTTAWA, CANADA, 26th September, 1887.

SIR,—I have the honor to address you on the subject of the proposed telegraph to connect the Australian Colonies with England by way of Canada.

I beg leave in the first place to refer to the following correspondence which it became my duty to transmit to you before I left London in June last, viz.:—

1. Letter 16th May, 1887, to Sir Henry Holland, Secretary of State for the Colonies, from the delegates to the Colonial Conference on behalf of the Governments they represented, requesting that Her Majesty's Government will cause an exhaustive survey to be made without delay in order to set at rest all doubts raised as to the practicability of establishing a telegraph cable across the Pacific Ocean between Canada and the Australian Colonies.

2. Letter 16th May, 1887, to Mr. Baillie-Hamilton, Secretary of the Conference, on the same subject.

3. Letter 3rd June, 1887, from the Colonial Office, covering correspondence with the Admiralty on the same subject.

4. Letter 23rd May, 1887, from the Colonial Office to the Admiralty.

5. Letter 28th May, 1887, from the Admiralty to the Colonial Office, stating that the Lords Commissioners are not prepared to make a special survey.

6. Letter 8th June, 1887, to the Colonial Office, from myself, submitting reasons why the application of the delegates should be re-considered.

These communications are subsequent to the discussions on the subject at the Colonial Conference, and the published proceedings of the Conference will show that during the discussions testimony was brought forward by officers of the Government and the Eastern Telegraph Company to raise doubts as to the practicability of establishing telegraphic connection across the Pacific.

In consequence of these doubts it was deemed expedient by the delegates that a proper survey should be made as soon as possible. With that object in view Her Majesty's Government was specially appealed to, but the reply of the Lords Commissioners of the Admiralty, by whose authority it was hoped the survey would be made, was unsatisfactory. The correspondence was transmitted to me, whereupon I ventured to submit reasons why the application of the delegates should be re-considered, but up to this date I have not learned that anything further has been decided.

I beg leave, secondly, to invite the attention of your Government to the accompanying memorandum, and I may mention that while on the one hand doubts have been raised as to the practicability of submerging an electric cable across the Pacific, on the other hand information of an important character has been obtained at and since the Conference. By the light which has been thrown on the whole subject this memorandum has been prepared.

Assuming that the survey will establish that there are no insuperable obstacles to the laying of a submarine cable this memorandum will make it obvious, that at no distant day Canada and Australasia may be connected telegraphically, on terms which would be just and fair to all concerned, and I venture to think in a manner which would be extremely advantageous to the Australian Colonies as well as to Canada and the mother country.

As the matter presents itself to my mind, the question of a nautical survey becomes of increased importance, and I have taken some trouble to ascertain how it can be accomplished in the event of the Lords Commissioners of the Admiralty remaining unable to see their way to have it carried out.

I have learned that provided the Government of the Australian Colonies and New Zealand are willing to co-operate, a proper nautical examination may be secured without difficulty or delay and at comparatively little cost to any one of the colonies.

The Government of Canada controls a suitable steamship for such service, and has also in its employment scientific men and officers of the royal navy in every respect qualified to carry out the survey. I have therefore taken upon myself to submit a proposition asking if the Canadian Government will be prepared to furnish the ship and officers provided the Australian Governments are willing to co-operate in defraying the expenses to be incurred for coaling, victualling and crew.

My object in now addressing you is to request you to submit the proposition to your Government. In doing so I have authority to state that the matter has been discussed in the Canadian Privy Council, and that a favorable view is taken of the proposition.

The naval officer consulted is of opinion that the work of soundings may be satisfactorily completed within twelve months, and he also estimates that with the ship and officers furnished by Canada, a joint contribution of £6,000 by the Australian Colonies and New Zealand would suffice.

I feel warranted in expressing my belief that if the co-operation of your Government with the Governments of the other colonies in the manner suggested be secured without loss of time, the practicability of connecting Australia and Canada telegraphically will be authoritatively set at rest before the end of next year, and with the information resulting from the survey the establishment of the cable eventually will be materially facilitated.

I have the honor to mention that I have addressed a similar communication with the accompanying memorandum to the Governments of the other colonies.

I have, &c.,
SANDFORD FLEMING.

V.—22.

OTTAWA, 26th September, 1887.

MEMORANDUM respecting the proposed Telegraph to connect India and Australia with England, by the Canadian Route.

At the Conference recently called by Her Majesty's Government to consider matters of common interest to all portions of the Empire, attention was directed to the question of connecting Australia and Asia with England by a postal and telegraph route through Canada.

The discussion was renewed from time to time and the more the question was considered the more deeply all present at the Conference became impressed with the vast significance of the issues which the new line of communication involve, for England as well as for the Australian Colonies, India, Canada and the whole outer Empire of Great Britain.

On the last day of the Conference the following resolutions were entered in the proceedings:—

First. "That the connection recently formed through Canada from the Atlantic to the Pacific, by railway and telegraph, opens a new alternative line of Imperial communication over the high seas and through British possessions, which promises to be of great value alike in naval, military, commercial and political aspects."

Second. "That the connection of Canada with Australia by direct submarine telegraph across the Pacific is a project of high importance to the Empire: and every doubt as to its practicability should without delay be set at rest by a thorough and exhaustive survey."

These resolutions expressed the united voice of the Conference after the strenuous efforts of gentlemen acting on behalf of the Eastern Extension Telegraph Company to impress the delegates with the idea that a direct telegraphic connection between Australia and Canada was unnecessary and impracticable.

The lines of the Eastern Extension Telegraph Company extend from India easterly to China and southerly to Australia, and they form the only existing telegraph connection between the Australian Colonies and Europe.

This company has for years enjoyed a monopoly of all telegraph business, and naturally solicitous for the future, its representatives left nothing undone to advance views adverse to the projected new line. Day by day Mr. John Pender, the chairman of the company, was in attendance. He was allowed to address the Conference and to circulate documents of various kinds among the delegates, and in every way he used his influence against the project in the private interest of the company he represents.

Notwithstanding those efforts the above resolutions were adopted, and it is not a little remarkable that they are the only resolutions which were formally submitted and unanimously assented to at the Conference.

The arguments offered on behalf of the company were combatted on public grounds by some of the delegates, and during the discussion the Postmaster General, Mr. Raikes, stated very forcibly that it would be absolutely impossible for the English people or for Her Majesty's Government to recognize the monopoly which the company seemed to claim; he, however, pointed out that while the position assumed by Mr. Pender for his company was one which could never be accepted either by the colonies or by the British Parliament it was a matter of extreme difficulty for the English Government to assist in carrying out the new scheme in such a way as to constitute itself a competitor with the existing company. While he pointed out that difficulty the Postmaster General gave expression to his warm sympathy with those who were seeking to promote what he termed "the most beneficial change of any of the changes which can come out of the Conference."

In the proceedings of the Conference of the 27th April and 6th May will be found recorded the general principles of a scheme which would completely obviate the difficulty mentioned by Mr. Raikes. The scheme has much in common with one propounded by the Postmaster General of New Zealand, Sir Julius Vogel. The proposal is to combine the several telegraph systems of the Australian Colonies under one management, to include the submergence of a cable across the Pacific from Australia to Canada and to provide for taking over at valuation, whenever the company may desire, all the cables of the Eastern Extension Company.

While that proposal assumes that a change is demanded by public expediency it also recognizes that the existing company, as the pioneer of a system of communication which has materially assisted in developing Australian trade, is entitled to just and reasonable consideration. If the new Pacific line will destroy the monopoly of the company and put an end to the profits which the shareholders hitherto enjoyed, the proposal carried into effect would return to them the full value of the property which would be rendered no longer profitable to them. Moreover, although it would scarcely be reasonable for the proprietors to expect compensation for unearned profits, they may fairly claim and be allowed all the profits obtainable until the new line be in operation.

A question will arise as to the value of the cables of the Eastern Extension Company. The testimony of Mr. Pender at the Conference shows that they were laid at

an average cost of £184 per mile. They have, however, been laid a number of years and have depreciated in value, according to the length of time submerged. Mr. Pender estimates the life of a cable at twenty years, and the published official statements of the company furnish full information as to the length and age of the cables it controls. With this data it is an easy matter for an actuary to prepare an estimate of the value, at any given year, of the whole system of cables owned by the company. Appended hereto will be found such an estimate by which it appears that all the cables of the Eastern Extension Company are valued as follows:—

In	1887	total value	£960,195
	1888	do	849,475
	1889	do	738,751
	1890	do	629,685

If we add the cost of the new line across the Pacific, reckoning it at the same rate per mile as the cables of the company, when first laid, we shall be enabled to form a tolerably correct idea of the new capital required to carry out the general scheme. According to the scheme submitted to the General Conference new capital would not be required for the land lines handed over by the Australian Colonies. These would be worked in common with all the cables under one management, each colony retaining an interest in revenue in proportion to the value of the lines handed over.

It may be assumed that the Eastern Extension Company will not desire to hand over their property so long as it can be worked at the old scale of profits, that is until the new line be ready for business, as in all probability much time will be spent in negotiations, preliminary arrangements and surveys, the new line can scarcely be in operation before 1890. Accordingly we may take into calculation the estimated value of the company's cables for that year as under:—

ESTIMATE of New Capital.

1.	Valuation of the cables of the Eastern Extension Company in the year 1890	£630,000
2.	Cost of new cables to connect Australia with Canada 7,600 miles at £184 per mile	1,400,000
		£2,030,000

The total new capital then required to carry out this comprehensive scheme designed to bring under one harmonious management all the telegraphs within the Australian Colonies and all the cables existing or projected from Australia to India and to Canada, appears to be little over two millions sterling. The sum is very much less than that spoken of at the Conference but it is impossible to impugn the estimate without calling in question the accuracy of the data which is supplied by the Eastern Telegraph Company itself.

£2,030,000 on a joint Government guarantee (Imperial and Colonial) could be raised at a very low rate of interest. At three per cent. it would come to £60,900 per annum, a sum which is almost equalled by the subsidies now being paid or available as the following table will show:—

BRITISH SUBSIDIES.

1.	Paid by	New South Wales	£12,617
2.	do	Victoria	14,479
3.	do	South Australia	4,805
4.	do	Western Australia	499
5.	do	Tasmania	4,200
			£36,600

FOREIGN SUBSIDIES.

1.	Paid by Malacca	£ 1,000
2.	do Manilla	8,000
3.	do Tonquin	10,000
4.	do Maccao	500
5.	Offered by Hawaii	4,000
		£24,100
	Total subsidies	£60,700

In this list of subsidies it will be noticed that only five British Colonies contribute, while ten British Governments in all are more or less directly and specially interested in the establishment of the new line of telegraph. It would manifestly be unfair to these five colonies if they were left to bear the whole burden. It seems proper that the other five British Governments should bear an equitable share of the cost.

The available foreign subsidies amount in all to £24,100 per annum. If we deduct this annual asset from the cost per annum of the new capital (£60,900) there remains £36,800 to be met in equitable proportions by the ten British Governments concerned in the scheme. Let us assume that half this annual charge be borne by the five contributing Governments and the other half by the five Governments not now contributing the account will stand thus:—

Payable by	Amounts.
1. New South Wales	£18,400
2. Victoria	
3. South Australia	
4. Western Australia	
5. Tasmania	
6. The United Kingdom	18,400
7. India	
8. Canada	
9. New Zealand	
10. Queensland	
	36,800

The exact proportions payable by each Government can only be determined by negotiations and mutual agreement, but the above sets forth generally the features of a scheme which seems well calculated to accomplish the desired object. Five of the Australian Colonies are bound by agreement to contribute until the end of the present century a subsidy of £36,600 per annum. According to the above division these colonies would have their liability reduced to £18,400 per annum, scarcely more than half what they now pay. Their direct gain would be £18,200 per annum while their indirect gain resulting from reduced charges and facility of intercourse would be infinitely greater.

In view of the important advantages in which all would participate, it cannot be urged that the other Governments not now contributing would be greatly burdened by the joint payment of £18,400 per annum.

It will not be overlooked that when the foreign subsidies expire a further charge of £24,100 per annum will have to be met from some source. Even if it be required to be borne by the ten Governments in equitable proportions, it could not weigh heavily on any of them, but it is anticipated that when all the subsidies run out the revenue from the telegraphs will be amply sufficient to meet interest and every other charge. The new Pacific telegraph system as a Government work will be established with capital secured at a very low interest, making it possible for a profitable business to be done at exceedingly low schedule rates. The great reduction in

rates thus rendered possible would give a wonderful impetus to telegraphy and as a consequence to business, it is believed, would so greatly increase as to admit of revenue meeting fully every proper charge against it. This will be the more apparent when it is considered that at no time would revenue be chargeable with dividends or bonuses which the shareholders of all private companies mainly look for.

After the discussion at the Conference it can no longer be held that the existence of the Eastern Extension Company must preclude the establishment of the new line of communication across the Pacific; a line demanded not simply by colonial growth and general commercial progress, but in a still greater degree by the exigencies of the Empire. That it is vitally expedient to secure the new line as a measure of defence, can be judged by the magnitude of the consequences, which at any time may result from neglect in establishing it. This has been emphatically recognized by the highest authorities in England and likewise acknowledged by members of Her Majesty's Government and by the representatives of all the colonies at the Conference.

It is claimed that the scheme set forth meets all the objections which have been raised and goes far to harmonize every interest; it would undoubtedly establish the new line of communication at the least possible cost and enable the principal self-governing colonies to co-operate with the Home Government in carrying out a project of very great Imperial importance.

SANDFORD FLEMING.

Appendix to the above Letter.

Estimated value of the cables of the Eastern Extension Telegraph Company calculated on the data furnished by Mr. John Pender, Chairman of the Company, viz.:—Original cost per mile £184 and life of cable 20 years. The lengths of cable laid are taken from the official documents of the company.

Miles Laid.	When Laid.	Years Submerged.	Value in 1887.
180	1869	18	£ 3,312
2,409	1870	17	66,488
2,721	1871	16	100,243
1,283	1876	11	106,232
864	1877	10	79,488
3,444	1879	8	269,818
529	1880	7	63,269
920	1883	4	163,024
502	1884	3	78,513
180	1885	2	29,808
12,035			960,195

Similarly the value of the property in the three following years has been ascertained to be as follows:—

12,035	miles of cable.	Value in	1888.....	£349,473
12,035	do	do	1889.....	738,751
11,855	do	do	1890.....	629,685

V.—23.

Sir H. Holland to Lord Lansdowne.

DOWNING STREET, 4th October, 1887.

MY LORD,—I have the honor to acknowledge the receipt of your Lordship's despatch, No. 347, of the 8th ultimo, enclosing a Minute of the Privy Council

embodying a memorandum of the Minister of Public Works relating to the proposed scheme for establishing cable connection between England and the Australian colonies *via* Canada.

With reference to the recommendation to which you draw my attention, viz., that nothing further be done in this matter pending a receipt of an answer from the Colonial Office to Mr. Fleming's communication of the 8th June last, I have to request that you will refer your Ministers to my despatch, No. 199, dated the 12th of the following month.

That despatch communicated to you a copy of Mr. Fleming's letter of the 8th of June, and informed you of the views of Her Majesty's Government on the matter of the survey of the proposed line which Mr. Fleming brought forward in that letter, and requested that Mr. Fleming, who had returned to Canada, might be apprized of the contents of the despatch. Your Lordship will perceive, therefore, that the despatch in question was intended as a reply to Mr. Fleming's letter, to which reference has been made.

I have already in my despatch No. 307, of the 1st of September, replied to the report of the Privy Council enclosed in your despatch No. 304, of the 28th of July, but my despatch had not reached your Lordship when yours now under acknowledgment was written.

I have, &c.,

H. T. HOLLAND

The Most Honorable the Marquis of Lansdowne, G.C.M.G.,
Governor General.